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NEWS SUMMARY

GENERAL

Devlin and husband are shot

Mrs. Bernadette McAliskey, former MP Bernadette Devlin, and her husband Michael were seriously ill in hospital after being shot in an attack on their Ulster home. Their three children were unhurt.

Three gunmen smashed down the door of the isolated cottage in Co. Tyrone and sprayed the couple with bullets.

Police suspect a Loyalist organisation was responsible.

● The Provisional IRA claimed responsibility for the murder of a customs officer and part-time UDR man who was shot dead at Warrenpoint, Co. Down.

Troops plan

The Government has prepared three contingency plans to use troops during industrial action by ambulancemen or hospital workers, says a Department of Health and Social Security document. **Back Page.**

Polish strikes

Strikes erupted in Warsaw and southern Poland in protest at the Government's refusal to pay workers who stayed at home last Saturday. **Page 2. Walesa in Rome. Back Page**

New powers

Commons select committees are to have new powers when their inquiries into Government policy are frustrated by Ministers. **Page 3**

Confidence vote

The Italian Government maintained its majority in a confidence vote over its handling of the Red Brigades' kidnapping of Judge Giovanni D'Urso. **Page 2**

Borg penalised

Tennis star Bjorn Borg was penalised two points for time wasting for the first time in his career after querying a decision in his Volvo Masters match against John McEnroe in New York. Borg won.

Martial law ends

President Ferdinand Marcos is to lift today the martial law he imposed on the Philippines in 1972, but he will retain strong powers.

Blaze death

A man died in a blaze at a block of bedsit flats in West London after what police believe was a petrol bomb attack. Five other occupants escaped.

Austerity pledge

Peru's conservative government pledged to continue its policy of economic austerity after overcoming the challenge of a 24-hour general strike.

Longer life

A World Health Organisation survey predicts that by the end of the century people in developing countries will live to at least 65—about 10 years more than at present.

Boxer mugged

Former world heavyweight boxing champion Leon Spinks was mugged outside a Detroit bar and robbed of clothing, cash, jewellery and gold teeth, he told police.

Briefly . . .

Netherlands won the Six-Nation Champions Trophy hockey in Karachi.

Former world champion cyclist Eddy Merckx was charged in Brussels with tax evasion.

South Korea will hold presidential elections on February 25.

Gunmen shot dead a Government Minister in North Yemen.

William French Smith was recommended for confirmation as U.S. Attorney General.

BUSINESS

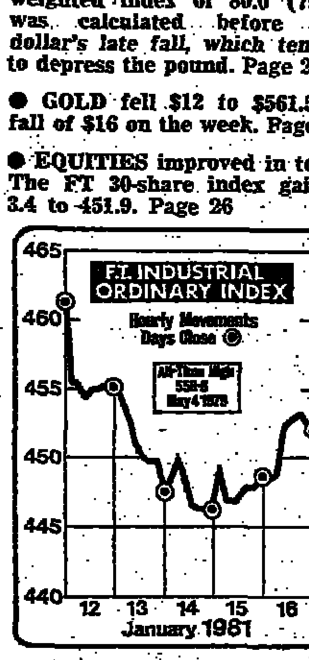
Gold off by $12; dollar firmer

● **DOLLAR** was firmer overall at DM 2.0060 (DM 1.9995), SwFr 1.8175 (SwFr 1.8130) and Y202.5 (Y201.5) after a sharp fall from its best levels. Its trade-weighted index rose to 87.3 (86.8). **Page 25**

● **STERLING** closed 85 points down at $2.3930. Its trade-weighted index of 80.0 (79.7) was calculated before the *dollar's late fall, which tended* to depress the pound. **Page 29**

● **GOLD** fell $12 to $561.5, a fall of $16 on the week. **Page 25**

● **EQUITIES** improved in tone. The FT 30-share index gained 3.4 to 451.9. **Page 26**



● **GILTS** inclined firmer in after-hours trade, but the Government Securities index was 0.01 down at 68.05. **Page 26**

● **WALL STREET** was up 0.34 to 970.31 near the close. **Page 22**

● **MASSEY-FERGUSON** rescue plans were agreed by representatives of over 200 banks in London last night. **Back Page.**

Inveresk in bid talks

● **INVERESK**, the loss-making UK paper company, said it was engaged in talks which could lead to a bid for the company. **Page 20**

● **UNEMPLOYMENT** figures for January will show another sharp rise, James Prior said. **Back Page.** TUC's alternative strategy, **Page 3**

● **SMEDLEY-HP** Foods is to close its fruit and vegetable canning factory at Wisbech, Cambridge, with the loss of 480 jobs. **Page 21**

● *NEB sold its 26 per cent* interest in Systems Designers International, a computer systems consultancy for £1.2m cash. **Page 21**

● **SMITH BROS**, one of the leading jobbers in gold shares, will conduct all dealings by telephone *from its offices from March 30.* **Page 3.**

● **IBM**, the world's largest data processing machine manufacturer, maintained profit growth in the final quarter with a 20 per cent increase in earnings to $3.6bn in 1980. Sales gained 15 per cent to $26.2bn. Results are adjusted for the four-for-one share issue of last May.

● **CIBA-GEIGY** Chemicals raised sales by 20 per cent to SwFr 11.91bn ($6.61bn) last year, but stressed no conclusions could be drawn on earnings because of inflation effects on costs. **Page 23**

● **LETRASET** group taxable profits for the half year to end October were down from £6.26m to £3.49m. Stanley Gibbons showed a £246,000 trading loss for the six months. **Page 20**

● **BRITISH BENZOL** Carbonising reported a pre-tax loss of £1.29m compared with a £560,000 profit in the half-year to end September. Turnover plunged £4m to £6.65m. **Page 20; Lex, Back Page**

● **FITCH LOVELL**, food manufacturer, wholesaler and retailer, reported pre-tax profits down from £5.96m to £4.36m for the 26 weeks to October 25. **Page 20; Lex, Back Page**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Bowater	178	+ 6
Channel Tunnel	132	— 9
Concord Rotaflex	23	+ 3
Equity and Law	202	+ 8
Estates and Agency	100	+ 6
First Castle	80	+ 4
First Nat. Finance	25½	+ 1½
Gleeson (M. J.)	62	+ 5
Haden Carrier	172	+ 11
Inveresk	36	+ 11½
Majedie	100	+ 6
Martin (R. P.)	150	+ 11
Muirhead	78	+ 16
Vosper	100	+ 15
Wagon Finance	39	+ 5
BP	406	+ 14
Premier Cons.	99	+ 5
Shell Transport	458	+ 12
Sovereign Oil	403	+ 18
Tricentrol	314	+ 8
Harrisons Mlysn Est	178	+ 8
Cultus Pacific	44	+ 5

FALLS

British Benzol	19	— 2
BET Dfd.	114	— 5
Carclo Eng.	42	— 3
Centreway Trust	83	— 22
Dowty	187	— 5
Electrocomponents	635	— 30
ICI	292	— 4
Unitech	242	— 18
Hampton Gold	156	— 8
Hemerdon Mining	75	— 5

ALGIERS MEETING PLANS RETURN OF ASSETS

IRAN wants the U.S. to start transfer of her frozen assets immediately in return for the release of the 52 hostages, and is prepared to pay back all outstanding debts.

Mr. Warren Christopher, the U.S. deputy Secretary of State, summoned a team of U.S. bankers and officials to Algeria, which is acting as an intermediary. They were joined by financial and legal experts from London, including Mr. Kit McMahon, Deputy Governor of the Bank of England.

In Washington Mr. Edmund Muskie, the Secretary of State, rallied about 45 financial experts to discuss the mechanics of returning the assets. *The State Department* warned later however, that the Iranian response raised new questions of substance, and that the outgoing Carter Administration might yet fail to conclude a deal.

Mr. Behzad Nabavi, Iran's chief negotiator on the hostages, said agreement had been reached with the U.S. on the amount of assets which Washington would return to secure a handover of the *hostages. These will not include* "the deferred, outstanding and non-matured loans."

The international money and bullion markets were nervous as details emerged.

Iran eases path to hostage handover

BY DAVID BUCHAN AND ANDREW WHITLEY IN WASHINGTON AND TERRY POVEY IN TEHRAN

THE FINAL obstacles to the resolution of the 14-month old U.S. hostage crisis seemed close to being overcome last night by officials and bankers in Washington and Algiers after a day of high drama.

In the Algerian capital, Mr. Warren Christopher, the U.S. Deputy Secretary of State, has been leading the negotiations with a team of U.S. and Algerian financial experts to resolve the remaining differences.

The experts on the American team included two top Bank of England officials who had been *flown to Algiers by the U.S. Air* Force early yesterday along with a number of U.S. bankers, lawyers and officials.

The Bank of England last night named its two officials in Algiers as Mr. Christopher "Kit" McMahon, the Deputy Governor of the Bank of England and Mr. David Somerset, the chief cashier, who had flown *out at the invitation of the U.S.* and Algerian Governments "to try to play a constructive part" in the financial negotiations.

In Washington, a crucial new focus opened up when talks started between representatives of a dozen US banks and Administration officials led by Mr. Edmund Muskie, the Secretary of State in a bid to resolve the crisis in the last three days of the Carter administration.

Sticking point

The major issue between the *U.S. and Iran last night was the* proportion of frozen Iranian assets worth $9.5bn that should be transferred immediately to Algiers in a swap for the 52 American hostages.

A chief sticking point, however, appeared to be how much interest the U.S. banks were prepared to pay on the assets frozen by President Jimmy *Carter in November, 1979, including* those in the foreign branches of U.S. banks. Iran has insisted on more interest than the U.S. banks have so far offered to pay.

On resolution of this issue turns the very major point of how much money should be *transferred from the U.S. banking* system to a third party escrow account—probably in the Algerian central bank—as an immediate quid pro quo for release of the hostages.

U.S. officials do not rule out the possibility of a last minute breakdown in the negotiations *through the resurrection of* additional issues by Tehran. But it is clear that neither the question of the late Shah's wealth nor that of the blocked U.S. military supplies for Iran have featured to any significant extent in the recent negotiations.

The last cautious wrangling. Page 2

World markets nervous

By Peter Montagnon and David Marsh

BANKERS in a number of international money and bullion markets indicated yesterday that financial arrangements accompanying any deal to free the hostages held in Tehran could lead to volatile conditions in markets for a few days at least.

Markets were already nervous yesterday but with no firm details emerging by late afternoon London operators withdrew to the sidelines to await developments.

The possibility of distortions seemed greatest in the euro-dollar deposit market, where operators felt that U.S. banks might need to raise large amounts to offset any balance sheet outflows caused by the handing over of frozen Iranian assets to the Central Bank of Algeria.

This, coupled with fears of a new surge in U.S. money supply drove short-term interest rates higher. Six month eurodollar deposits finished at 17.5 per cent compared with 17.25 per cent on Thursday.

The prospect of higher interest rates also supported the U.S. currency on foreign exchange markets. At one stage it rose as *high as DM2.0250, but by the* close it had fallen back to DM2.0080 compared with DM1.9995 on Thursday. Sterling finished at $2.3930 against the previous London close of $2.4015.

The dollar's weaker tone during the afternoon was prompted by considerations that Iran might transfer some of the freed assets to other currencies or even bullion.

Reports were rife that the gold was being flown out from New York to Algiers. But bullion dealers pointed out that the most logical way of transferring the gold would be through a "swap" arrangement under which a neutral central bank such as the Bank of England would take delivery of the metal in New York and simultaneously deliver an equivalent amount to Iran's *account in London.*

MacGregor plan for steel wins 78% backing in poll

BY ALAN PIKE

MR. IAN MacGREGOR, chair*man of the British Steel* Corporation, gained support yesterday of 78 per cent of those voting in a workforce ballot on his survival plan for the industry.

But though Mr. MacGregor warmly welcomed the result, only 65 per cent of the steelworkers returned their ballot papers.

This suggests that a campaign by the Iron and Steel Trades Confederation to persuade its members to boycott the exercise had some impact.

The result is likely to improve the prospects of the Cabinet's looking favourably on the BSC corporate plan when it considers it later this month.

Voting on the question: "Will you support the survival plan?" was 63,237 (78 per cent) for and 17,900 (22 per cent) against. With 124,616 papers issued, the *number voting yes provides just* an overall majority for the plan, even allowing for abstentions.

The ISTC, alone of the steel unions, urges its members to oppose the corporate plan, and *their verdict in a separate union* ballot will be declared on Monday. This will certainly show a closer outcome than the BSC vote, and could go either way.

But the BSC will regard its own ballot of members of all unions as having a higher importance.

Mr. Ian MacGregor, BSC chairman, said of the result "I think this will give us the confidence to move ahead and attempt to implement our programme for this year. It gives us a base from which to push ahead."

The BSC "survival plan" means at least 20,000 more redundancies this year, partly through a reduction in capacity from 15m to 14.4m liquid tonnes a year, but mostly in a drive for better productivity. It involves deferring this winter's *pay settlement until July*, when 7 per cent increases will be paid.

Mr. MacGregor said that the ballot result showed that BSC employees recognised the job *to be done and their part in it.*

But, Mr. Bill Sirs, ISTC general secretary, said that his concern was with the result of the union's own ballot, and with whether Mr. MacGregor's plan would save British Steel.

The corporate plan, said Mr. Sirs, failed to tackle the real problem—that European steel-producers received massive aid for energy, coking coal and transport, while BSC got none.

"On a straight comparison with West Germany BSC is disadvantaged by over £600m a year. The 20,000 redundancies *Mr. MacGregor proposes will* save £150m."

Robin Reeves writes: BSC management bluntly rejected a trade union plea yesterday to rethink its tinplate retrenchment and redundancy proposals. Representatives of the workforce at the Velindre Tinplate *Plant in South Wales were told* their alternative scheme, put earlier this week in opposition to the MacGregor plan, was "unacceptable."

Abell resigns from top BL post

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MR. DAVID ABELL, managing director of BL Commercial Vehicles, the BL group's truck, bus and agricultural tractor subsidiary, resigned yesterday.

His departure could pave the way to the first major sale of assets by BL since Sir Michael Edwardes became chairman in September, 1978.

Suter Electrical—a company in which Mr. Abell, 38, has a significant shareholding—is negotiating to buy Prestcold, the State-owned group's commercial refrigeration busines.

Mr. Abell's contract had some time to run but BL insisted last night there had been no major row. It is known, however, that there have been several differences of opinion between Mr. Abell and Sir Michael during the past few months.

These incidents undoubtedly influenced Mr. Abell's decision to devote his full time to his private business interests including Suter, where he was appointed chairman and managing director yesterday.

Sir Michael has taken the opportunity presented by Mr. Abell's departure to restructure the commercial vehicle operations once again, this time along the lines of the BL Cars' organisation which seems to be working smoothly.

The truck and bus operations will in future be known as the Leyland Group, taking in the Leyland Vehicles manufacturing plants in the UK and subsidiaries in India, South Africa and Nigeria.

Mr. David Andrews, executive vice chairman of BL, is given the additional responsibility of being chairman of the Leyland Group.

Mr. Ron Hancock, 46, who for the past 2½ years has been managing director of Leyland Australia, is appointed managing director of the Leyland Group and chairman of Leyland Vehicles.

Leyland Vehicles, with plants in Lancashire and Scotland, is

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A man rich enough to fight, Page 3

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Large payments surplus but exports decline

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE CURRENT account of the UK balance of payments re*mains in large surplus. But ex*ports, particularly of manufactured goods, are now declining in response to the world recession and the deterioration in Britain's competitive position.

The UK had a record current account surplus of £2.28bn last year *following* a deficit of £1.67bn in 1979.

In December the surplus was £346m, roughly £200m less than in each of the previous three months. This was mainly because of a fall in exports of finished manufactured products, especially consumer goods. There are also signs that imports may be stabilising after their previous large fall.

Over 1980 as a whole the current account outcome was £5bn better than forecast by the Treasury at the time of the March Budget.

The error, huge even after allowing for normal forecasting margins, was because the UK recession was deeper than expected and this cut imports. Moreover, some major UK export markets did not start to turn down until the late summer. There was also a sharp increase in sales to the oil exporting countries, in large part because of a recovery in sales to Nigeria from the low 1979 level.

Export volume in 1980 was 2 per cent higher than in the previous year. While this was better than expected the UK still suffered a reduction in its share of world trade.

Import volume dropped by 5 *per cent last year. There were reduced purchases of food, fuels* and basic materials. Imports of motor cars dropped by 19 per cent as foreign companies in part supplied the smaller domestic market from stocks already within the UK.

The outcome also reflected an improvement of £1.1bn in the oil account as North Sea production rose.

The latest trends are less encouraging. The volume of manufactured exports (excluding erratic items such as ships, North Sea rigs and aircraft) dropped by 3 per cent in the September to December period compared with the previous three months.

On the same basis, the volume of manufactured imports dropped by 5.5 per cent in the fourth quarter. But in November and December import volume rose compared with the *previous two months.*

BALANCE OF PAYMENTS
(£m seasonally adjusted)

		Visible trade	Invisibles	Current account
1978		−1,546	+2,166	+620
1979		−3,404	−1,734	−1,670
1980		+1,039	+1,242	+2,281
1980	1st	−633	+442	−191
	2nd	−262	+198	−64
	3rd	+774	+302	+1,076
	4th	+1,160	+300	+1,460
Aug.		+48	+101	+149
Sept.		−423	+101	−524
Oct.		+459	+100	+559
Nov.		+455	+100	+555
Dec.		+246	+100	+346

Source: Department of Trade

THE 12-MONTH rate of retail price inflation fell in December for the seventh month running, to 15.1 per *cent, and a sharp drop should* come in January. Back Page

Manufacturing output continued to fall in November though the rate of decline in industrial production may be slackening.

But there is no sign yet of a turning point.

The greater stability in output towards the end of last year was largely because of the rise in coal and North Sea oil production.

A turning point may come in the next few months as the *rundown* in industry's stock levels ends, but is likely to be limited by falling exports and investment. Page 3

Balance of Payments Figures, Page 3
Editorial comment, Page 18

Rebate

Nevertheless, most forecasters expect the UK current account to remain in surplus over most of 1981. A favourable movement in relative export and import prices, rising North Sea oil production and the benefit of the rebate on the UK contribution to the EEC Budget may offset an unfavourable trend in non-oil volume.

Forecasts have been made more uncertain by the unprecedentedly large deterioration in the competitive position of UK goods caused by the strong pound and rapid rise in British labour costs. Up till now many companies appear to have tried to hold on to overseas markets despite the sharp reduction in export profit margins.

£ in New York

—	Jan.15	Previous
Spot	$2.3915-3950	$2.4000-4010
1 month	1.10-1.20 pm	0.95-1.05pm
3 months	2.60-2.70 pm	2.30-2.40 pm
12 months	4.20-4.40 pm	3.90-4.10 pm

THE HOSTAGE NEGOTIATIONS

Duncan Campbell-Smith reports on efforts to finalise arrangements for lifting the freeze on Iranian assets in the U.S.

The last cautious wrangling in the struggle to free the hostages

SENIOR bankers were yesterday working with State Department officials in Washington to try to finalise arrangements for lifting the freeze on Iran's official dollar assets.

The U.S. bankers will not easily be persuaded to abandon their legal claims on the deposits, and reconciling this reality with the Iranians' demand for cash in hand is leading the U.S. Government towards paying what would amount to a ransom.

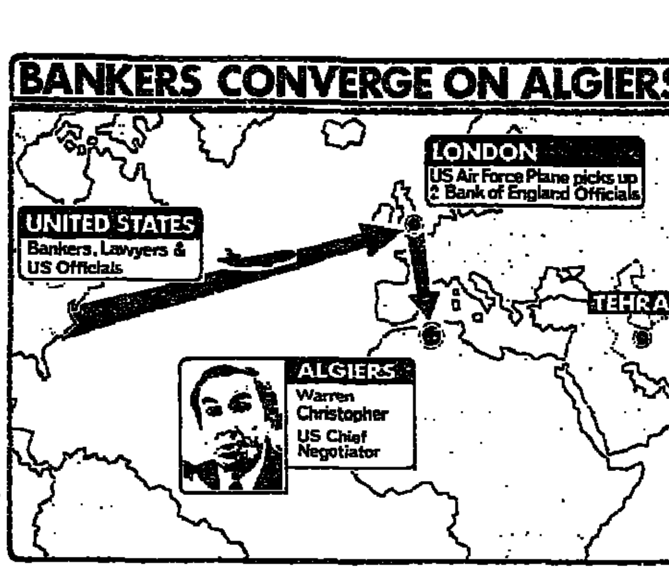
The mechanics of exchanging all or part of the assets for the American hostages in Tehran was last night posing several delicate questions.

An end to the freeze can offer only the hope of a very gradual thaw in the attitude of the major U.S. banks and international companies towards Iran.

For many, Iran's deposits offer the only available protection against the risk of massive losses arising from their business with pre-revolution Iran.

The original purpose of the *freeze was not to provide compensation for U.S. companies.* When President Carter invoked emergency powers to seize Iran's assets early on November 14, 1979, it was primarily to forestall an Iranian move to withdraw billions of dollars suddenly from the U.S. banking system.

But one American bank had already moved to institute its own freeze, citing the precedent of action against Cuban assets by Citibank in 1960. Within hours of the President's



blanket order, every U.S. bank with Iranian loans was preparing documents to set off Iranian deposits against those loans.

The rush to compensate for earlier exposure in Iran was not confined to the banks. By the end of 1980, more than 300 court suits had been filed against the Iranian assets and many prominent U.S. multinationals had helped swell the aggregate value of the claims to over $5bn.

The main implication of these claims now that the U.S. government and the bankers are arranging a huge transfer of funds to the central bank in Algiers was spelled out by a U.S. federal judge in a ruling late last month.

District judge Lee Sarokin ruled that the government had no right to usurp any individual's claim against the Iranian government without offering that individual "due process and just compensation."

Where this leaves the U.S. Government must depend upon the final details of the agreement now being discussed. It appears to be the hope in Washington that the Iranians can be persuaded to accept a portion of the estimated $9.5bn of frozen assets which will leave enough behind in the U.S. to meet the litigants' claims.

Last night, the most likely structure for such a deal was thought to provide for the immediate transfer to Algeria of about $5.5bn. This would leave $4bn, of which $1.5bn would be available to the banks for them to cover the interest in arrears on the outstanding, and in some *cases defaulted, loans* to Iran.

The remaining $2.5bn would be transferred on the President's authority to an international arbitration court which would hear the claims by U.S. companies for compensation for property nationalised in Iran since the revolution.

But there were doubts yesterday that this amount would be sufficient to meet the claims awarded by the U.S. courts, even assuming that the final claims fall short of the $5bn estimate. This figures includes claims by some banks to cover loans which, in the event of a settlement, might yet be repaid in a normal way.

The recent attitude of the banks has been difficult to fathom, with most reluctant to comment on any aspect of the proceedings. But bankers in New York yesterday thought that most would be willing to reinstate defaulted loans and it is possible that some have *already entered into discreet* discussions with the Iranian central bank to prepare the way.

Last minute discussions between the bankers and U.S. State Department officials are thought to have concerned the volume of assets which the banks would like to see retained *for their interest arrears* and the possibility, discussed widely in New York yesterday, that some Iranian assets might be channelled into an escrow account providing some future security.

SOME LEADING CLAIMANTS FOR IRAN'S FROZEN ASSETS

Claimant	$m	Reason
William Bikaff and George Eisenpresser	450	Expropriation of property, equipment and equity interests by the Iranian Government
Chase Manhattan Bank	366	Default on bank loans and expropriation of property
Bank of America	337	Default on bank loans
Sedco Inc	175	Expropriation of oil field equipment and breach of contracts
Citibank	117	Default on bank loans
General Telephone and Electronics	100	Breach of contract to building telecommunications switching network
First National Bank of Chicago	86	Default on bank loans
Xerox Corporation	85	Expropriation of property and breach of contract
Manufacturers Hanover Trust Company	85	Default on bank loans
General Motors	57	Vehicles oredred in kit form and never accepted

ASSETS CLAIMED BY IRAN

$3.51bn held in London
$400m held in Paris
$1.369bn held in Federal Reserve
$467m held in other U.S. banks
$2.108bn against oil sales to U.S.
$407m deposits of National Iranian Oil Corporation
$800m frozen funds of the Iranian Defence Ministry
$9.069bn total
$10bn against Shah's assets
$947m value of gold
$4bn other assets under attachment
$24.016bn grand total

U.S. GOVERNMENT ESTIMATE OF IRAN'S FROZEN ASSETS

$2.35bn U.S. Government securities and gold held by Treasury and Fed
$1bn held by domestic branches of U.S. banks
$4bn held by foreign branches of U.S. banks
$0.4bn payment of Iranian military equipment subject to freeze
$7.75bn total

A U.S. Air Force jet flew yesterday afternoon to Algiers. It is reliably understood that it did not contain any Iranian gold bullion. But it was carrying two senior officials from the Bank of England whose role in winning over the Iranians might be at least as crucial.

The attitude of the Iranians remains quite impenetrable. But there has been no lack of speculation about what the American negotiating team might be doing to make a less than total return of the assets as palatable as possible.

The potential importance of the Bank lies in the fact that, *of the total frozen assets of* around $9.5bn, no less than $3.5bn is held on deposit with the London subsidiaries of five major U.S. banks.

These funds were frozen by the Presidential order no less than the assets within the U.S. But it may be rather easier to extricate them, particularly if the Bank can play a helpful role.

In theoretical terms, the legal position of the funds in London is, if anything, more complex than the domestic American tangle.

Iran last November postponed a hearing in the UK High Court of its suit against the American bank, now scheduled for April. But no-one knows to what laws the action of the U.S. banks here should be referred. Nor is it clear how compatible is UK banking law *with U.S. set-off practices* and attachment suits.

On practical grounds, however, the position is much clearer. There has been no domestic UK blocking legislation and only President Carter's order underpins the freeze. More important, there have been relatively few suits and counter-suits taken out against the funds.

Until yesterday, the Bank of England had carefully distanced itself *from* the affair. Whilst helping critically to resolve the final stages of the hostage negotiations, an intervention by the Bank could also rescue the banks from months of interminable legal wrangles if it led the way to a prompt out-of-court settlement.

The French government and the Bundesbank have similarly steered clear of Iran's suits against the U.S. banks in Paris and Frankfurt. The Paris banks have frozen deposits of about $400m while Morgan Guaranty and Citibank have taken steps effectively freezing the 25 per cent shareholding required by Iran in the German Krupp group for $500m in 1976.

In both cases, legal proceedings have been bogged down for months. Out-of-court settlements would be as welcome here as anywhere in London. The French Government would be keen to avoid the potential embarrassment of an Iranian suit against Citibank's Paris branch.

The French have not associated themselves with the Carter freeze and are anxious to protect relations with Tehran from further damage while seeking a resolution of the Eurodif quarrel.

French state interests dominate Eurodif, the international uranium concern, and have been upset by Iranian threats to abandon their 10 per cent stake.

But out-of-court settlements in Europe will have to hinge on the U.S. government's ability to give the parent banks in New York—and their corporate clients—an acceptable substitute for the security which they sought to obtain by taking court action against the frozen deposits in the first place.

Iran stresses its desire to settle

BY TERRY POVEY IN TEHRAN

"THE PROBLEM of the U.S. hostages can be solved today provided the U.S. Government wants to," said Mr. Behzad Nabavi, chief of Iran's hostage negotiating team yesterday. This self-confident assertion followed the demand by Iran that the U.S. should start transferring its frozen assets by the end of working hours yesterday or all negotiations would be called off.

Mr. Nabavi, quoted on the State radio at lunchtime yesterday said: "Since the Algerian statement is acceptable, and as far as we are concerned completely practical and realistic, there is no reason why the problem cannot be solved provided the U.S. wishes to do so."

Iran refers to the latest set of proposals, delivered from the U.S. on January 2 and accompanied by a written document from the Algerian intermediaries, as the Algerian statement.

Yesterday evening Mr. Nabavi blamed "foreign reporters serving Zionism for trying to make it appear as if it was Iran that was to blame for the delay." The latest reply sent to the U.S. contained nothing new or complicated but was the same as one sent by Iran ten days before, he claimed.

Thousands of people in Tehran yesterday *heard* Friday prayer leader, Hojatoleslam Ali Khamenayi sharply attack the "oppressor Government of the U.S." for "playing political games and delaying the release of the hostages."

The mood in Tehran this week has been one of intensifying expectation of a release, before January 20—the day President Reagan takes over.

Tehran has its pessimists who believe that the U.S. diplomats will remain captive for a very long time, but the general feeling seems to be one of relief that at least this crisis, for a country that has been living on crises for over two years, looks like coming to an end.

Diplomats in Tehran fear however that Iran's negotiators are either unaware or are refusing to acknowledge the difficulties faced by the U.S. *Administration*

Until the last few days, it is believed that the U.S. was urging Iran to accept an immediate payment of the money and gold held in the Federal Reserve, which Iran says totals $2.319bn, plus approximately a further $3bn held in U.S. banks in Paris and London and not covered by set off arrangements or attachment orders. This would have been an immediate cash down payment of just under $5.5bn.

The remaining assets, the U.S. proposed, would have been sorted out in two stages. Arrangements would be made after the release of the 52 U.S. diplomats. Firstly, defaulted loans would have been dealt with and a further sum of around $1.5bn freed within a week or so of the release of the hostages. A remaining $2.5bn would come later after arbitration. Altogether the agreed total for Iran's assets has been set at $9.5bn.

A further problem has been Iran's demand that the money be "immediately available and usable by the Government of the Islamic Republic," implying that these immense sums would have to be available in a negotiable form.

Austria offers aid on payments

VIENNA—Austria is ready to help Algeria in transferring U.S. payments to Iran as part *of a deal to free* the 52 hostages, a Foreign Ministry spokesman said.

"They asked us to help, we considered it and said we could," the spokesman said.

Neither Iran nor the U.S. has contacted Austria about a payments transfer, he added. It was not clear whether Algeria expected Austria to transfer the frozen Iranian assets—estimated by Iran at $9bn plus another $1bn in gold—or other payments.

National bank officials said there would be no technical difficulty in transferring the payments through Austria.
Reuter

UK claims for losses top £100m

BY PAUL CHEESERIGHT

CLAIMS met by the Export Credits Guarantee Department on the losses of UK companies active in Iran have topped £100m. It is believed that without a rapid improvement in *Iranian business conditions the* ECGD could be liable for further claims of £100m.

Over £10m in claims has been paid out during the last two months, while, over the same period, the expectation of future losses has risen by about £60m.

The heavy outlay—more than double the amount ECGD has paid out in claims on Turkey, Sudan and Zaire, three other recent troublespots—is a major factor behind the ECGD's decision last month to lift premiums for coverage on all UK exports.

It also ensures that the *ECGD* will be in no hurry to resume guarantees on UK sales to Iran once the U.S. hostages have been released.

The ECGD stopped coverage of UK exports some months before the international *community responded to the seizure* of the hostages with economic sanctions.

Although the release of the hostages may act as a catalyst in improving commercial relations with Iran, if it is accompanied by a release of the UK hostages, the ECGD will require firm evidence that internal conditions in Iran have stabilised before it again provides cover.

Exporters will thus have to wait months before having access to any guarantees. Even then they are likely to find coverage expensive.

Like all insurance organisations, the ECGD operates an internal system of credit ratings. They run from 'A,' the best risk, to 'D,' the worst risk, where the biggest premiums are demanded.

First cover to Iran will probably be given a 'D' rating, with changes upwards depending on business conditions improving. Each change up could be expected to reduce premium costs by about 50p for every £100 covered.

But the gradual development of more normal commercial relations between the West and Iran, *following the release of* the hostages, would open the way for ECGD to recover some losses.

This could come from the resumption of work by British companies on half-completed projects and the resolution of difficulties where projects have been completed, but where payment has been delayed.

OTHER OVERSEAS NEWS

Begin aims for summer election

By L. Daniel in Tel Aviv

MR. MENAHEM BEGIN, Israel's Prime Minister, said yesteday that he wants to advance the country's general election from next November to June or July.

He told the Likud faction—the largest in his coalition government—that he intends to put forward his proposal at tomorrow's *Cabinet meeting.*

Since the second-largest partner in the coalition, the National Religious Party, also favours early elections, a vote in favour is a foregone conclusion.

Many people are critical about the six-month interim period proposed. Officials say they could easily be ready by May 12, which would still give civil servants and army officers intending to run for the Knesset the chance to resign their present posts at least 100 days before the elections, as required by law.

The reasons for their misgivings are the stalled Egyptian-Israeli autonomy talks and the rampant inflation besetting the economy.

With a new Finance Minister still to be chosen following this week's resignation of Mr Yigael Hurvitz, and the Government clearly unable to formulate a budget which will prove acceptable to the next administration (likely to be led by Labour) uncertainty *will* dominate the economy.

A round of autonomy talks in Tel Aviv at official rather than Ministerial level, ended yesterday without producing any results and without a date being fixed for their resumption, pending next week's takeover by U.S. President-elect Ronald Reagan, who will presumably appoint a new representative in the talks.

● In Jerusalem, an official charge sheet was submitted to the district court yesterday against the Minister for Religious Affairs, Mr. Aharon Abuhazeira, who, together with three others, is suspected of having taken bribes from religious institutions.

The state prosecutor has asked that the case be heard before a bench of three judges and not one district court judge, as is usual, in view of the sensitivity of the case. The Minister's parliamentary immunity was lifted earlier this week.

Italian vote success over D'Urso case

BY JAMES BUXTON IN ROME

THE Italian government maintained its majority in a vote of confidence yesterday following *a heated debate over its* handling of the kidnapping of Judge Giovanni D'Urso, whom Red Brigades terrorists released on Thursday after five weeks' captivity.

To keep his four-party coalition intact, the Prime Minister, Sig. Arnaldo Forlani, went out of his way to soothe the misgivings of his Republican Party partners who had insisted that the Government should recognise the important role *played by those Italian newspapers* which refused to accede to the kidnappers' demands to print Red Brigades statements.

This had to be done without losing the support of the Socialists, the second-largest group in the coalition, who favoured concessions to the terrorists and whose official newspaper printed their statements.

Italy's carabinieri have arrested one of the seven alleged terrorists named for presumed involvement in the D'Urso kidnapping and the related murder of carabinieri general Sig. Enrico Galvaligi.

The original of one of the kidnappers communiques was found in the arrested man's flat and he is thought to have been part of the kidnappers' logistical back-up team. Anti-terrorist forces are also trying to find the place, which may be up to 60 miles from Rome, where the magistrate was kept chained up in a tent inside a room and forced to listen to Red Brigades songs over headphones.

A Rome judge has finally sent for trial 15 presumed terrorists accused of involvement in the kidnapping and murder in 1978 of the former Prime Minister Sig. Aldo Moro. Sig. Moro's body was found only a few hundred yards from where Sig. D'Urso was dumped by his captors on Thursday.

Dutch borrowing to rise

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Government is expected to continue to make large scale borrowings on the capital market this year, at least equal to the record sums raised in 1980. Net capital market borrowing by both central and local government will amount to 5.5 *per cent of national income this year,* according to Mr Henk Bevers, capital market agent for the Finance Ministry.

This means borrowing will rise to at least Fl 16.5bn (£3.2bn) from Fl 15.5bn, in line with the expected 4 per cent rise in national income to Fl 300bn.

While the Government has rejected the direct placement of state loans abroad, foreign borrowers have been taking up increasing amounts of the loans placed in Amsterdam, said Mr Bevers. They increased their share in Dutch loans to nearly 35 per cent last year from between 15 and 20 per cent in 1978 and 1979.

The problems of funding state debt are large in the Netherlands, but are even greater in other industrialised countries. This gives the Dutch an advantage in attracting foreign funds.

● Dutch inflation rose to 6.5 per cent in 1980 from 4.25 per *cent in 1979, official figures* showed.

South African bank raid

BY QUENTIN PEEL IN JOHANNESBURG

THIEVES who are believed to have pulled off the biggest robbery in South African history—the theft of R50m (£28m) in cash and securities from the Hill Samuel bank—are now likely to have very little to show for their haul.

Officials at the bank, the South African subsidiary of the British Hill Samuel merchant banking group, said that payment had been effectively stopped on all the securities, including trade bills, promissory notes and bankers' acceptances. All the thieves would be left with was R4,000 (£2,250) which they took in cash from the bank strongroom.

The theft was discovered when members of the bank staff went to fetch documents from the safe and found the door had been opened with a key kept in a desk drawer. The money market paper and the cash in a small deed box had been stolen.

Mr. Andrew Fleming, the *managing director of Hill* Samuel (South Africa), said that while the bank had a "theoretical exposure" of some R32m on the money market, all banks, financial institutions and other dealers had been informed of the theft, and an effective stop order put on the instruments. A further R18m of the paper was in non-negotiable securities.

Thorn rules out court action in EEC budget row

BY ROBERT MAUTHNER IN PARIS

M. GASTON THORN, President of the EEC Commission, said yesterday that the Commission would not take France to the European Court of Justice over its refusal to contribute to the Community's supplementary budget for 1980.

Replying to questions in a TV interview on Thursday night about France's quarrel with the European Parliament, which adopted the supplementary budget although it had not been approved by the EEC's Council of Ministers, M. Thorn said the problem was serious enough without more fuel being thrown on the fire. *As* President of the Commission, he did not intend to dramatise the issue.

M. Thorn said he would have discussions with the French and other member governments to seek a solution to this and related problems.

"*We cannot lose three* months every year on budgetary quarrels," he said. "The system must be modified and, above all, the conciliation procedure between the Council of Ministers and the European Parliament must be improved."

Earlier this week, M. Pierre Bernard-Reymond, the *junior* Minister at the French Foreign Ministry, said after a meeting with Mme Simone Veil, President of the European Parliament, that France had no intention of changing its position on the budget. The French, West Germans, and Belgians maintain that the European Parliament was *acting illegally* in adopting the supplementary expenditure.

David White adds. France's two leading private water utilities were yesterday fined FFr 1m (£90,000) each by the Government under monopolies regulations.

The companies, Compagnie Generale des Euax and Societe Lyonnaise des Eaux, which between them supply three-quarters of the large private-sector market, had been accused by the Government's Fair Trading Commission of working together to stop other bidders *winning new contracts.*

The water companies were cited some time ago by the Cour des Comptes, a financial watchdog body, which said local authorities were often unable to resist the pressures they exerted and a consumer group complained last October about the "*draconian* " *terms of their* contracts.

Berlin crisis hunt for new mayor

By Roger Boyes in Bonn

SENIOR West German politicians are searching urgently this weekend for a replacement for Herr Dietrich Stobbe, the governing Mayor of West Berlin, who resigned on Thursday night after a surprise defeat in the city's Parliament.

The Bonn Government is *clearly anxious to resolve the* crisis in the city as soon as possible and limit political damage to the ruling Social Democrat (SPD)-Free Democrat (FDP) coalition.

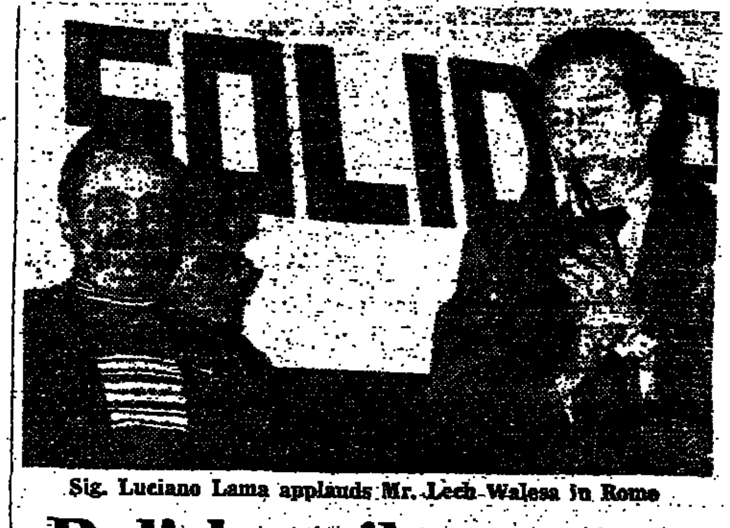
Herr Willy Brandt, the former German Chancellor and current SPD chairman, has flown to Berlin to coordinate efforts to salvage the city's Senate (Government) and Herr Hans Dietrich Genscher, the German Foreign Minister and FDP chairman, is expected to arrive in the city this weekend.

The first consequence of the Senate debacle came late yesterday with the news that Dr. Klaus Riebschlaeger, the SPD party whip in Berlin, would resign his post—an apparent admission that his controversial role in the crisis may have prompted several FDP representatives to vote with the opposition Christian Democrats.

Herr Stobbe, plagued by a building scandal in which some of his government was enmeshed, had decided to reshuffle his Cabinet, but on Thursday the Berlin Senate rejected four of his nominations.

As the SPD-FDP coalition has a clear 11-seat majority over the Christian Democrat opposition, it was clear that several members of the ruling parties had voted against Herr Stobbe's candiates.

The problem now is whether the SPD-FDP coalition should risk holding new elections or try to ride out the crisis by simply finding a new Mayor who can pull the government together. SPD leaders in Bonn seem to feel that it would be dangerous to hold new elections immediately—a defeat for the coalition would augur badly for the Bonn government



Sig. Luciano Lama applauds Mr. Lech Walesa in Rome

Polish strike protest over pay refusal

BY LESLIE COLITT IN WARSAW

STRIKES ERUPTED yesterday in Warsaw and Southern Poland in response to the Polish Government's refusal to pay workers who stayed home last Saturday, defying the authorities who insist that the five-day, 40-hour working week cannot be granted this year.

Bus and tram drivers in Warsaw halted services for four hours and factories in Mielec and Legnica, headquarters of the Soviet army in Poland, stopped work for a similar period.

The emotive issue of the work-free Saturday has become yet another example of the Government and Poland's largest independent trades union, Solidarity, sliding towards a collision course although compromise looked possible.

Mr. Lech Walesa, head of Solidarity, indicated that he favoured talks with the Government on the five-day work week *to defuse the issue, but in* his absence, visiting Italy, local Solidarity organisations decided to act.

The Government has only repeated its threat to deprive workers who stayed home on Saturday of one day's pay. Today has been designated a free Saturday by the *Government in* line with its policy of granting two workless weekends a month.

Even if a major conflict can be avoided after Mr. Walesa's return to Poland on Monday, another crisis is building to take its place. The Communist leadership says that under no conditions will it recognise the newly-formed farmers' union, Rural Solidarity, which says it represents Poland's 3.5m independent farmers. This union would become yet another non-party centre of power.

The strike at the aircraft factory at Mielec is in sympathy with Rural Solidarity whose members are also occupying buildings belonging to the old trade union in Rzeszow together with the local Solidarity organisation. The alliance being forged between workers and farmers—who until now have been represented by the Peasants' Party—is viewed by the party with great concern.

Within the rank and file of the Communist Party there is growing disaffection with the leadership in Warsaw over what the Politburo is calling "renewal" of the party. Party officials in the basic organisations as well as technocrats such as factory directors are speaking openly of the urgent need for genuine democracy within the party. If this demand continues to grow it could open the Pandora's Box of "inner-party democracy" in time for the special party congress in the spring.

AP adds from Tokyo: Japan's general council of trade unions said yesterday that it plans to invite Mr. Walesa to Japan, probably for a few days in April, to study Japanese labour and labour conditions there.

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Select committee powers increased

BY IVOR OWEN

A NEW "weapon of last resort" is to be made available to Commons select committees when their inquiries into Government policy are frustrated by Ministers who persist in unreasonably withholding official information.

Mr. Francis Pym, Leader of the Commons, announced yesterday that where such a situation arose and there was evidence of widespread general concern among MPs, the Minister responsible must answer to the House in a special debate.

He made clear that the Government believed that this procedure, which will not be written into the formal Standing Orders of the House, will rarely be used.

Mr. Pym claimed the evidence from the first year of the select committees, which monitor work of the large Government Departments, showed that every effort was made to fulfil the Government undertaking that they would receive maximum possible co-operation from Ministers and their officials.

In these circumstances he did not believe that the "weapon of last resort" would result in more information being made available to the select committees.

He stressed that Ministers refused to disclose official information to select committees only "after the most careful consideration of the balance of the public interest."

Mr. Christopher Price (Lab., Lewisham West), who led a backbench demand for the select committees to be given more power to require Ministers to reveal official information, described the concession by Mr. Pym as "half a loaf."

He insisted official information should be defined as including departmental papers and records.

Mr. Price complained that the "genuine demand from the select committees and from the public generally" for greater openness in Government had met a hostile response from top civil servants.

The attitude of some Ministers and civil servants also came under fire from Mr. Edward du Cann (Con., Taunton) chairman of the Treasury and Civil Service Committee, whose trenchant reports on the Government's economic policy have highlighted the added strength and influence which the new select committee system has given backbench MPs.

He spoke of a feeling of "contempt" when he read reports that some Ministers and civil servants found it "too intolerable" to appear before the select committees.

Mr. du Cann empasised that the select committees had begun to ensure that MPs and the public generally had a greater say in public policy.

But he was still critical of the way that the Commons was expected to "rubber-stamp" decisions of the Cabinet. If select committees did not receive "the co-operation they were entitled to expect" from Ministers, he would support strengthening of their powers.

● *Lynton McLain writes: The* "continuing costs of Concorde" and the financial effects of the British Steel Corporation's corporate plan are to be investigated by the all-party industry and trade committee of the Commons.

The committee investigating Concorde's costs, expects to take evidence on January 28 from British Aerospace, Rolls-Royce *and British Airways as well as* Mr. Norman Tebbit, the Industry Minister, on February 4.

The last of 16 production models of the Concorde supersonic airliner took off from the British Aerospace works on April 20 1979.

The Government said at the time that up to the previous December Britain had paid £792m net.

Only 14 of the total of 20 production and research and development Concordes entered commercial service with Air France and British Airways.

Gold share jobbers shun dealings on the floor

By Christine Moir

SMITH BROTHERS, one of the leading jobbers in gold shares, will no longer make markets in these shares on the floor of the Stock Exchange. From March 30 all dealings will be conducted by telephone from its own offices.

The firm's decision to rely on telephone and electronic communications rather than the personal dealings of the central marketplace system is a result of the technological revolution in communications.

Mr. Nicholas Goodison, chairman of the Stock Exchange, warned major institutional users of the market that such a technological revolution could fragment the central marketplace and make dealings impossible to regulate.

The issue was raised again at a European conference of stock *exchanges in November.* Mr. Christopher Tugendhat, Securities Commissioner in the EEC, spoke of the danger of stock markets being replaced by "unsupervised rival marekts outside the existing national stock exchanges."

Mr. Goodison said that he believed a stock market was more efficient if it was centralised.

However, the tendency for markets to "go upstairs" to jobbers' and brokers' offices is privately accepted as inevitable by Stock Exchange officials. "After hours dealings," which continuue for two hours after the floor of the house has closed for business, are conducted in this way.

The growing internationalism of dealings further increases this tendency because foreign brokers and clients are not in a position to gather in a central place.

Akroyd and Smithers, however, one of the two largest jobbers, confirmed yesterday its intention to "maintain a major presence on the trading floor."

More UK news Page 21

Seamen's two-day strike threat

BY PAULINE CLARK, LABOUR STAFF

THE INDUSTRIAL relations crisis in shipping worsened yesterday as leaders of the national campaign on overtime pay by seamen called for an all-out strike for 48 hours next week.

The union said there was mounting pressure by members for a full-scale national strike.

But the move also follows retaliation by some shipowners who have stopped pay during strikes, dismissal of the 14 crew of the Baltic Valiant general cargo ship at Hull, where notice had been given of indefinite strike action from last night.

The union has rejected a 12 per cent offer for overtime, and claims rates which employers have said they cannot afford.

It claimed that these had ben harrassment of seamen taking industrial action. "They have thrown down the gauntlet."

The disputes committee of the National Union of Seamen said yesterday that it would recommend the 48-hour strike to a meeting on Monday of 70 branch officers and union stewards from ports throughout the country.

If the strike goes ahead, probably on Wednesday and Thursday of next week, British shipping in UK and overseas ports could be brought to a standstill.

Disruption of shipping by NUS members continued for the fifth consecutive day. The union reported 187 ships affected, of which 117 were tied up, 51 affected by overtime bans and delayed sailing, and 19 pledged to a full stoppage.

In addition 103 crews on deep sea vessels had promised full stoppage, the union said.

The General Council of British Shipping continued to report action on a much lower scale. It had received reports from only 56 ships actually held up by action, of which 15 were tied up overseas and 41 in UK ports. Of ships affected in home ports six were ferries, 19 coastal traders and 16 foreign traders.

Mr. Adrian Swire, chairman of the council, said he regretted "very deeply" the national strike call, which could only worsen the position for British shipping and lead to the likelihood of further ships being sold and further job losses.

Industrial output decline shows signs of starting to slacken

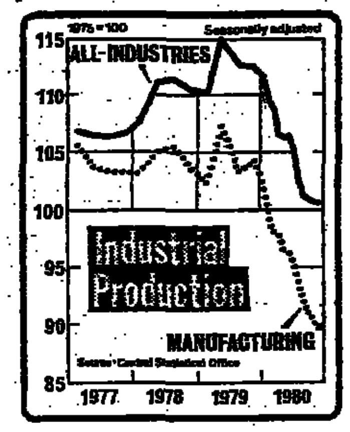
BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of decline of industrial output may be starting to slacken. There is no evidence yet of a turning point in spite of recent optimistic ministerial speeches.

Central Statistical Office figures published yesterday show that the all-industries index was 100.6 in November—(1975=100, seasonally adjusted)—roughly the same as in the previous two months.

Output between September and November was, however, 3.6 per cent lower than in the previous three months and 10.5 per cent less than the average level for 1979.

The stability of industrial output in the late autumn largely appears to have been because of a rise in the production of coal and North Sea oil.



Manufacturing production continued to decline between September and November. In these three months as a whole output was 4.5 per cent less than in the previous quarter, and 13 per cent below its average 1979 level.

Output continued to fall in nearly all sectors of manufacturing. The drop of 16 per cent in metal industries in the latest three months compared with the previous quarter may overstate the underlying decline because of catching up of output in the earlier period following the strike at the beginning of the year. Metal manufacturing output was 30 per cent below its average for 1979.

Output in the textile, leather and clothing industries dropped by 9 per cent in the latest three months. An exception was the food, drink and tobacco sector where output rose by 2.4 per cent.

Last-quarter payments surplus £1.46bn

THE UK had a surplus of £1.46bn on the current account *of its balance of payments in* the last three months of last year, compared with £1.08bn in the previous quarter, writes Peter Riddell.

The improvement occurred in spite of a deterioration of more than £100m in the balance on *erratic items such as ships,* North Sea rigs, aircraft and precious stones.

The most striking feature was an increase of about £200m in the surplus on trade in finished manufactured goods (less the erratic items). There was an *£85m rise in the surplus on oil* trade.

The volume of exports fell marginally in the fourth quarter, while volume of imports dropped by 4½ per cent.

		Exports £m seasonally adjusted	Imports £m seasonally adjusted	Exports Volume seasonally adjusted 1975=100	Imports Volume seasonally adjusted 1975=100	Terms of trade *Unadjusted 1975=100	Oil balance £m
1978	1st	8,390	9,023	120.1	113.6	105.0	−625
	2nd	8,676	8,875	121.0	109.1	104.4	−419
	3rd	8,933	9,415	122.5	115.0	105.9	−497
	4th	9,072	9,292	122.5	112.9	106.3	−458
1979	1st	8,373	9,975	109.0	116.9	106.8	−235
	2nd	10,658	11,183	135.3	128.9	106.2	−229
	3rd	10,641	11,133	129.8	128.1	106.5	−158
	4th	11,017	11,802	129.3	128.9	103.5	−157
1980	1st	11,935	12,568	132.3	126.6	100.5	−107
	2nd	11,803	12,065	128.4	124.4	102.6	− 8
	3rd	11,827	11,053	126.7	115.8	104.8	+155
	4th	11,732	10,572	125.8	110.5	104.8	+240
	July	3,999	3,696	128.6	117.1	104.3	+ 98
	August	3,943	3,895	126.5	121.2	105.4	+ 6
	Sept.	3,885	3,462	125.0	109.1	104.7	+ 51
	Oct.	3,843	3,384	123.5	106.3	104.7	+152
	Nov.	3,960	3,505	129.0	111.1	105.1	+ 59
	Dec.	3,929	3,683	125.0	114.1	104.7	+ 29

* Ratio of export prices to import prices

Source: Department of Trade

North Sea oil prices increased $3

BY RAY DAFTER, ENERGY EDITOR

THE British National Oil Corporation, the leading trader of North Sea crude oil, has settled on a $3-a-barrel price rise for UK production. Norwegian producers are following suit.

The increase will set the pattern for al UK prices. It covers the period January 1 to March 31. Output from the UK sector is expected to average 1.6m or 1.7m b/d in this quarter.

Details of the pricing structure were not provided by the corporation but it is widely expected the price of Forties Field reference crude will rise from $36.25 to $39.25. Brent Field crude, of similar quality, is expected to cost $39.25 a barrel, again a $3 increase.

● The world should avoid an oil-price explosion in 1981 in spite of the Iraq-Iran war, providing there are no other interruptions to supply. Dr. Ulf Lantzke, executive director of the International Energy Agency, said yesterday.

He disagreed with analysts' forecasts that the price of the average barrel could rise to $45 or $50, from about $35 now.

People's Bank status decision defended

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Bank of England yesterday defended its refusal to grant the Bradford-based People's Bank the status of a recognised bank under the 1979 Banking Act.

Neither People's Bank nor its *parent, the Provident Financial* Group, enjoyed the "high reputation and standing in the financial community" for the provision of banking services required by the Act, said Mr. Leonard Hoffman, QC, for the Bank of England.

Nor, he told the Banking Act Appeals Board, did People's Bank satisfy the Act's criterion that a recognised bank must provide a wide range of banking services.

People's Bank has appealed against the Bank of England's decision to grant it only the lesser status of a licensed institution.

Mr. Hoffman rejected a suggestion by Mr. Anthony Graham-Dixon, QC, for People's Bank, that the Bank of England divided applicants for bank status into "sheep and goats."

"We do not accept the metaphor, with its pejorative implication for goats," said Mr. Hoffman. "It is no disgrace not to be a bank."

A deposit-taking institution might not aspire to be a bank. That would not make it inferior, but simply different.

There was, however, nothing to stop a licensed institution gradually building up its bank*ing services and its standing* until it qualified for recognition as a bank.

Mr. Hoffman did not accept that it was important for People's Bank to be allowed to retain the name of bank, which will not be possible if it loses the appeal.

Many recognised banks seemed to have prospered without using the description he suggested.

"Sixteen out of the 17 members of the Accepting Houses Committee do not have the word 'bank' in their names."

Mr. Hoffman said it was "almost conceded" that People's Bank did not have the required reputation and it sought to rely on the reputation of Provident.

But Provident's reputation was not relevant. Certainly it had a good reputation in the sense that it was highly creditworthy, but it had no reputation for the provision of banking services—indeed, it provided no services because it carried on no trade at all.

On the facilities offered by People's Bank, Mr. Hoffman said its foreign exchange service, provided through an agency agreement with Barclays Bank, was weak.

So was its provision of financial advice, which had to amount to something more than interviews with bank managers.

At the conclusion of the hearing, Mr. Allan Heyman, QC, the chairman, said the appeal board would make its decision as soon as possible. This would be sent *to the Chancellor of the* Exchequer.

Mrs. Williams warns on Labour leadership

LABOUR'S plans for an electoral college to choose the party *leader could take it "back to* Tammany Hall politics" with "deals, pressures and negotiations in smoke-filled rooms." Mrs. Shirley Williams, the former Labour Minister, said last night.

Mrs. Williams said in Birmingham that the 200 resolutions submitted to the special party conference for January 24 showed that there was no consensus on what method should replace the present one for electing the leader.

About 90 resolutions, nearly two-fifths of the total, favoured an electoral college based on a third of the vote for the parliamentary party, a third for constituency parties and a third for trade unions.

About 70 resolutions, nearly a third of the total, wanted an election based on one member, one vote.

The others were split between *support for 50 per cent or 40* per cent of the votes to lie with the Parliamentary party, or an electoral college with a postal ballot.

"How all these different views can be sorted out in six or seven heated hours at a mass conference in Wembley would challenge Solomon himself."

● Mr. John Silkin, Shadow Leader of the Commons, in *Rotherham, yesterday blamed* uncertainty on the Labour leadership and internal party divisions on constitutional issues for the party's lack of effectiveness in Opposition so far.

Labour policies for the 1980s, he said, must focus on massive public investment, including more public ownership and large-scale intervention in private and public industry generally.

Gillard versus Goldsimth

SIR JAMES GOLDSMITH performed "a service to journalism" when he told newspaper and magazine editors that World in Action television reporter Mr. Michael Gillard was a blackmailer, it was suggested in the Court of Appeal yesterday.

Mr. Gillard was not fic to be a journalist, said Lord Rawlinson, QC, for Sir James.

Sir James is contesting Mr. Gillard's appeal against rejection by a High Court jury of his claim for slander damages against Sir James.

Sir James had told the editors that Mr. Gillard had blackmailed public relations consultant Mr. John Addey to obtain information about Sir James' solicitor, Mr. Eric Levine, for the satirical magazine Private Eye.

ILEA to discipline maintenance men

THE INNER London Education Authority is taking disciplinary action against a number of maintenance men following an investigation into their pay packets and work practices.

ILEA said yesterday that details of the report of the investigation in the Hammersmith, Kensington, Westminster and Camden areas were not being released because it might prejudice disciplinary hearings.

Ford lays off 4,000 at Halewood plant

BY NICK GARNETT, LABOUR STAFF

FORD yesterday laid off until Tuesday 4,000 workers in its body and assembly plants at Halewood as a result of the snowballing effects of a dispute which began on Wednesday.

During the dispute, the local management invoked the new disciplinary code for the second time at Halewood—and for only the third time within the company as a whole. The code was introduced in November. It has been invoked once at the Langley truck plant.

Since the code was introduced, there has been a decline in the number of unofficial stoppages in the company's UK plants. But Ford is very cautious, about reading lessons into this trend at the moment.

The Halewood dispute started when eight workers on the Wednesday night shift in the sealer deck area of the paint shop refused to carry out a task which management accepts was *extra to their normal duties.*

They and a further 30 workers in the sealer deck area were suspended for that shift and the Thursday night shift.

About 1,000 assembly plant workers were laid off as a result of this on the Thursday night shift. On the same night shift workers in the traffic department who are involved with the internal movement of stocks did not report for work.

They were supported by traffic workers on yesterday's early and day shifts who did not report for work. As a result, traffic workers have also been suspended in stages with *the final suspension ending on* Monday.

The management said yesterday that by Tuesday production of about 2,500 Escorts will have been lost because of the Halewood dispute.

It comes on the eve of mass meetings at Halewood on the 9.5 per cent pay offer which has already been accepted by a majority of the company's 57,000 manual employees. Workers at only one or two plants have voted against the offer.

Fowler to see BR and unions

By Our Labour Staff

THE GOVERNMENT has agreed to British Rail's joint request with the three rail unions for a meeting to discuss BR's serious financial position. It will also consider BR's request for an increase in its cash limit and a change in the method of financing.

Mr. Norman Fowler, Transport Secretary, has told BR he is willing to attend a meeting of the Rail Council, the industry's highest-level consultative body. Officials are hoping to stage the meeting by the end of the month.

BR is likely to try to have its £920m external financing limit for 1981-82 raised to its orginal estimate of £972m.

The BR board also wants to try to examine the way the industry is financed. BR has managed to meet its financial targets over the past few years but it has been a struggle and BR hopes for a relaxation in the limit.

In return the unions may have to give firmer commitments to key productivity changes.

Teachers' pay talks reviewed

By Michael Dixon, Education Correspondent

A MOVE to change the law governing arbitration in teachers' pay disputes was announced in the Commons yesterday by Mr. Mark Carlisle, Education Secretary.

At present, a breakdown in negotiations leads virtually automatically to independent arbitration based on the deadlocked positions of the unions' and the employers' panels of the Burnham Committee.

But Mr. Carlisle is now consulting the unions and local education authority employers with a view to changing the rules so that disputes are not sent to arbitration unless both sides of the committee agree.

The Minister's move follows the outcome of last year's automatic arbitration which angered the Prime Minister.

Before negotiations broke down last year, the Clegg Commission admitted it had overpaid the teachers by 4 per cent in their award for 1979.

Hazel Duffy and **Kenneth Gooding** look at the car-maker's subsidiaries and the man who united them

BL's insecure sidelines

THE non-automotive interests of BL have suffered almost as much uncertainty in the past couple of years as their parent company. With the departure of Mr. David Abell, the person who first brought these other businesses together in the Special Products group, their future is again thrown into some confusion.

Prestcold, the commercial refrigeration group, appears to be the only subsidiary which *will have a more precise future* following the management changes within the Leyland Group yesterday. Prestcold has been directly accountable to Leyland Vehicles since Mr. Abell moved over from Special Products to head the commercial vehicles operations two years ago.

In September, 1979, Prestcold closed its two Glasgow factories with the loss of 900 jobs. The closures came at a time when few realised that the engineering industry was about to plunge into the current severe recession—but for Prestcold, the outcome has been a definite improvement in its operating efficiency.

Prestcold, originally part of Pressed Steel Fisher, expanded under Leyland with the acquisition of Sterne in the late 1960s and Searle Manufacturing in 1976. With a turnover of about £60m, it is said to be "trading profitably" and seems likely to be sold to Suter Electric, in which Mr. Abell has a substantial shareholding.

Two other companies which used to come under Mr. Abell's control at Special Products — Coventry Climax, the fork-lift truck manufacturers, and Alvis, which manufactures military vehicles — will now report directly to the BL cororate head office.

This will enable BL to "look more closely at their future," according to the announcement yesterday. This is a euphemism for saying that BL is keen to sell them to outside buyers.

Alvis's main product is the Scorpion tank, and it has some good markets with the armed forces both in the UK and overseas. It is a profitable company, so the fact that BL is thinking of selling Alvis is a measure of the parent's determination to offload those interests which fall outside its mainstream activities.

Coventry Climax, however, has in the space of two years turned from being fairly profitable into being a definite loss-maker. The UK market for fork-lift trucks is very depressed, with manufacturers currently discounting their products by about 25 per cent in an attempt to shift some stocks.

Coventry Climax has always been more geared to the UK market than the other major companies like Lansing, and the expansion plans associated with its acquisition of Conveyancer three years ago have been shattered by the collapse of this market.

Over the past year Climax has belatedly embarked on a rationalisation plan, and this will form the foundation of a return to profit some time over the next two to three years. If, in the meantime, a buyer for Climax comes forward, BL can be expected to accept.

The remainder of the old Special Products group is Aveling Barford, the construction equipment company which has already been through a big rationalisation programme, and Goodwin Barsby a small company making quarry machinery.

Closures and poor trading left Aveling with a £24m loss last year. It was enough to shock BL into *making renewed* attempts to finda buyer, but, not surprisingly, without success.

The short history of the Special Products group has done nothing to prove BL's skills in *management.* The performance of most of the companies has been poor even in relation to the problems encountered in their sectors. There has clearly been too little time for BL manage*ment to come to grips with these* peripheral activities, and they would fare better if they were found new homes.

A man rich enough to fight

MR. DAVID ABELL, who quit BY yesterday even though he seemed a whisker away from the very top of management, has been a millionaire for more than 15 of his 38 years.

His wealth did not come from his BL salary or from his family.

From a relatively early age he became fascinated by stock market investment and his hobby became a money spinner.

He once said: "One of the benefits of being rich is that you can stand up and fight for your decisions without having to think about whether a fight might cost you your job. Too many managers back away when that threat is implied."

So it is not surprising that he has gained a reputation for standing up for himself, and for his performance as chairman and managing director of BL's bus and truck division, during BL Board meetings—some of which have been particularly heated since Sir Michael Edwardes and his new team took over.

Mr. Abell was Sir Michael's first choice to run Leyland Vehicles following the sudden departure two years ago of Des Pitcher who previously held the position.

During 1980 the stresses built up because Sir Michael was determined to get through the year without going back to the Government for any more than the £300m BL had been promised for the year. There was increasing tension between the two men and several times Mr. Abell made it known in the strongest possible terms that his views did not exactly coincide with those of his chairman.

Mr. David Abell

Mr. Abell relishes the taste of power which automatically comes with a senior manage*ment job within a huge corpor*ation but for some time he has hankered after the chance to run his own show and be boss of a company in which he is also a major shareholder.

This ambition and his stock exchange dealing now come neatly together. Using his 17 per cent shareholding in Suter Electrical (worth more than £900,000 at the price the shares had reached just before dealings were suspended) as a useful lever, Mr. Abell has become chairman and managing director.

Suter is negotiating to buy from BL the Prestcold commercial refrigeration business which Mr. Abell knows well because he has been either chairman or chief executive for six of the past 10 years and was responsible for appointing—or approving the appointment of—the current Prestcold management team, who are all under 40.

If the deal goes through Prestcold will add about £60m of turnover to Suter's £5m. Mr. Abell said last night he wants to build up a major industrial group, with sales of between £150m and £200m, based mainly on distribution but with some manufacturing operations.

Mr. Abell said last night: "There is no question of me leaving a sinking ship." Leyland Vehicles is in good shape with new products launched, *new plant opened and a stream*lined workforce—down from 28,000 at the beginning of 1979 to 19,000."

Murray calls for creative spending by Government

BY OUR LABOUR EDITOR

FURTHER CLUES to the TUC's demands for the Budget were given yesterday by Mr. Len Murray, its general secretary, in a speech outlining the alternative economic strategy the unions will be urging on the Government next month.

The TUC is preparing what it calls a plan for national recovery, in its annual economic review. It is expected to demand a £6bn stimulus to the economy in the Budget on March 10.

Yesterday Mr. Murray, castigating the Government for policies which he said had produced high unemployment, called for a bold and creative use of public expenditure "to start repairing the damage to the economy's infrastructure."

Action was needed to improve State benefits and welfare services. But investment was also needed in public industries and services. Among projects which Mr. Murray cited as necessary were further electrification of the railways, improving rural transport, council house building, and dealing with the "*serious disrepair*" of the sewerage system in many parts of the country.

Public investment should also be devoted to helping the replacement of outdated industries with a move into high technology areas, he said.

The employment and training services should be strengthened, in particular to give more help to the *unemployed. Mr. Murray told* the TUC's North-West regional council meeting in Salford.

Yesterday Mr. James Prior, the Employment Secretary, said the unemployment figures were "appalling." There would be another very big rise shown by the January figures, and the increase would continue into the year. The TUC is expected to demand sufficient extra spending to prevent, according to its calculations, another 1m people joining the dole queues this year.

THE WEEK IN THE MARKETS

The Gnomes hear the worst

LONDON

ONLOOKER

Stock markets in Britain have not traditionally been susceptible to the cult of the guru. No outsider, it might be said, could have the same impact on equity prices in London as Joseph R. Granville had very recently on U.S. stocks. But, when the topic is Government securities and the individual is a front bench member of Government, prices can be just as vulnerable to the remarks from one quarter.

The gist of the speech made in Zurich during the week by the Financial Secretary to the Treasury, Mr. Nigel Lawson, was that the Government's medium term strategy was alive and kicking. No U-turns, no blowing off course. Next year's public sector borrowing requirements, he said, was "more or less on track."

Yet confirmation that the Public Sector Borrowing Requirement for the current financial year will overshoot the revised £11.5bn estimate gave rise to some serious thinking in the gilt-edged market and prices wtakened noticeably.

The equity market has been going nowhere in particular. It wasa fea ture of the previous week that the engineering sector had provided some of the best performers: companies such as Johnson and Firth Brown and Renold in which hopes of maintaining dividends have long gone by the board in the face of unremitting recession had stored some of the best gains.

Had the bargain basement seekers been at work? Was this the time to start looking at the manufacturing sector ahead of the marked profit recovery which is thought likely to follow the end of slump conditions?

Apparently not. The last few trading sessions have been marked by the hunt for the engineering group which, according to rumour, had gone to the Government for support. The spotlight shifted from one engineering blue chip to another.

It appeared subsequently that such a search had been misplaced. All the same, the market is now waking up to the fact that a great deal of manufacturing capacity in steel and components is excess to foreseeable requirements. The bland pre-Christmas stock market assumption that the shake-out should be replaced by the wait *for a very profitable upturn has* been relpaced by a chilling belief that the process of adjustment to long term industrial over-capacity may have further to go.

Liggett chips in

Grand Metropolitan's warning last September that its second half would not show the same progress as the 20 per cent pre-tax advance in the first half turned out to be a slight understatement. The second half gain *from £85.3m to £90.9m appears* to be entirely attributable to the net contribution from Liggett, the U.S. tobacco and drinks group acquired last May for £246m. Liggett's trading profits for the four months in which it was consolidated was £22.4m at the trading level but almost all of the £17.6m increase in Grand Met's interest charge must be attributable to the Liggett acquisition.

Still, the performance of the company's existing business was certainly satisfactory against the background of deteriorating consumer spending and declines in tourism. The hotels and catering division, for example, maintained ith profits despite a dismal performance by Berni Inns. Betting and gaming profits were up 20 per cent.

The new divisional breakdown makes comparisons with last year difficult but the two per cent increase in the contribution from brewing and re*tailing apparently conceals bad* performances from soft drinks and the European breweries and a surprisingly good result from the group's UK pubs. Bringing diversity back to Watney pubs has paid off.

The current year should produce some profit growth and further useful development of the Liggett base in the U.S. for the group's food and drink products.

Borrowings have risen to almost £600m but represent less than half shareholders' funds following a £550m surplus from property revaluations. Grand Met has been considering floating off some of the group's more mature businesses in order to free funds to buy others with more potential. The revaluations may speed the process of singling out the lazy assets.

SGB's strength

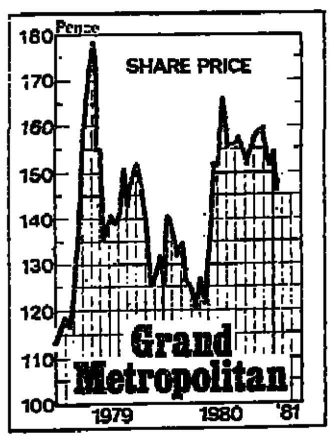
SGB's pre-tax profit of £16.3m looks very like evidence of counter-cyclical strength: an increase of 12 per cent has not been the norm for construction-related companies in this recession. The evidence is not entirely convincing, though, since SGB's growth slowed to less than 3 per cent in the second half.

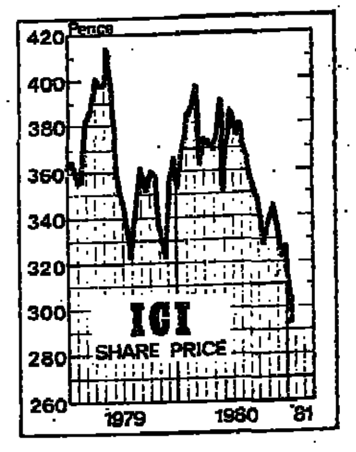
Some parts of SGB are genuinely proof against the domestic and European gloom. Profits in South Africa have quadrupled and prospects there, as well as in Saudi Arabia, still look promising. In the UK, where SGB finds over 70 per cent of its turnover and earns a higher proportion of profits, the picture has already become rather mixed and a much tougher time is expected.

One reason why SGB had such a relatively successful year is that its central business, scaffolding, is still responsible for around half the group's profit—even after the diversification of the past decade. Scaffolding comes down late in the building cycle, and SGB's scaffolding division provided much of the last year's profit increase. But there are signs that trade is beginning to slacken.

It is argued that the decline will not go too far, because the hire and contract parts of the scaffolding business hold up well in depressions, as customers switch into hire in order to avoid capital expenditure when the volume of building is low. The ominous counter, from SGB's point of view, must be that the same argument has hitherto been applied to the plant-hire sector, now believed to be operating at as little as 50 per cent of capacity. SGB's plant-hire division has already suffered results about one-third below last year's.

Still, the dividend has been increased by over 15 per cent this year and is covered three and a half times by current cost earnings. The shares rose 11 per cent during the week on the strength of the results: according to DataStream, the third best performance among the larger companies.





Supporting joist

Shares in Magnet and Southerns were among the best performers, according to DataStream, during the week. The rise was surpassed by one or two bid situations, but purely on the response to trading results it was almost without equal.

Given that a timber group such as Magnet and Southerns is traditionally linked to the housebuilding cycle, a 10 per cent share price appreciation is initially rather hard to fathom. The sector has been blighted by falling demand and stock write-offs which have come through in negligible profits, slashed dividends and rumours of purely defensive re-alignment.

Yet Magnet's profits fell by only 7 per cent in the six months to September 30 last and that compares with a very buoyant period in the previous year.

The group has not been immune to the effects of what in economic shorthand has now come to be described as "long term, secular decline." The brunt of the recession has been borne by the Southerns-Evans timber importing and merchant*ing divisions.* Profits here dropped from £5.2m to £3.66m but at least the group has avoided the stock write-offs, which have bedevilled leading importing competitors after a pronounced decline in Russian softwood prices.

The key to the group's defensive strength is provided by the joinery manufacturing arm. Magnet Joinery is understood to have gained market share in its three dominant product lines—doors, windows and kitchen furniture—and has thus been able to limit the volume fall, which worked out at 7½ per cent.

At the same time, Magnet is determined to build on its strengths during the recession. More joinery depots have been opened and others are planned. And, on the Government's own admission, the black economy has been growing strongly which suggests that the capacity of the small, jobbing builder has not been diminished.

The fall in softwood prices, underpinned by sterling parity changes, has helped liquidity, although Magnet has traditionally pursued a policy of *low stocks anyway.* The group remains in a net liquid position which allows scope for further expansion and, perhaps, a rise in an historically well covered total dividend. The market is fairly unanimous in assuming that annual profits will fall from £25.8m to £23m.

Pounding the beet

With the spotlight of the Monopolies Commission trained upon its affairs S. and W. Berisford this week met market expectations by improving from £32.2m to a record pre-tax profit of £36.12m for last year.

The second half was particularly helpful to the group with active sugar trading and metals business boosting profits by 20 per cent to £19.35m. Interest charges last year were up just 13 per cent to £11.8m, aided by last July's £28.5m rights issue.

The group put its dividend up 30 per cent to a total net of 9.75p (7.5p) as forecast at the time of the rights issue. This increase produces a yield of 8 per cent at 182p, the price immediately following Thursday's preliminary figures. Likewise the earnings multiple on a 25 per cent tax charge is quite reasonable at just above six.

Now that Berisford has unveiled its year-end results all attention will be focused on the Monopolies Commission, set to report its views on the £121m Berisford bid for British Sugar Corporation, made last May. The Commission in November received permission to take more time in studying the matter and is now facing a March 3 deadline.

MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1980 81 High	1980-81 Low	
F.T. Ind. Ord. Index	451.9	− 9.3	515.9	406.9	Gloomy economic outlook
F.T. Govt. Secs. Index	68.05	− 0.58	72.54	63.85	Govt's. funding needs
F.T. Gold Mines Index	360.4	−30.5	558.9	265.5	Renewed selling
Avenue Close	80	+19	80	41	Bid approach
Crowther (John)	33	+11	33	18	Retiring chairman sells 55.49%
E.R.F.	35	− 7	110	35	Gloomy outlook for lorry manfrs.
Fisons	141	−47	304	138	Anti-asthma drug withdrawn
Greycoat Estates	176	+15	176	94	Bid hopes
ICL	49	− 8	196	43	Fears of liquidity roblems
ICI	292	−16	402	292	Preliminary results due Feb. 26
Martin (R. P.)	150	+35	150	30	Revived bid speculation
Mercantile House	565	+28	590	127	Int. results due shortly
Phoenix Timber	94	−16	147	75	Fading bid hopes
Somportex	585	+115	585	78	Excellent interim figures
Stag Line	375	+115	375	142	Bid from Hunting Gibson
Strata Oil	214	+14	222	12	Awaiting Woodada drilling report
Tube Invs.	172	−16	312	166	Adverse rumours
Unitech	242	−34	364	195	Adverse comment
U.D.T.	50	−12	69	35	Lloyds & Scottish bid approach
Witter (T.)	54	+16	54	38	Bid from Tarmac

Week of the yo-yo

NEW YORK

DAVID LASCELLES

THE DUST was still settling after the Granville debacle this week, and trading was generally tight and nervous. Even so, it was surprising that the market traded in such a narrow range what with hopes for an Iranian settlement in the air, to say nothing of the whiff of bankruptcy coming from Chrysler, Itel and Seatrain. Although Chrysler got another reprieve on Wednesday night, both Itel and Sea train warned publicly that bankruptcy might not be far off.

The nervousness snuffed out a couple of promising rallies on Monday, when the Dow was up 11 points at one stage, and Wednesday, when it advanced eight before falling back.

Market analysts generally blamed the Federal Reserve's determination to keep interest rates high, even though they appear to have passed their cyclical peak. The central bank seems to want short rates to stay in the 19-20 per cent range, and so long as they do, there is little hope of a further cut in the prime rate, currently 20 per cent which is the big rate that the stock market watches.

Money managers generally seem cautious about increasing their equity positions while the outlook remains so hard to discern, and the market's liquidity has deteriorated noticeably. A lot of these people have their eye on the debt markets where big capital gains could be made in bonds if and when interest rates come tumbling down, and no one wants to miss that bus.

But the market saw some striking sectoral shifts. The oils came back into favour after suffering quite a sharp setback at the beginning of the year. Promises from the Reagan Administration to speed up deregulation of U.S. oil prices were the main reason. This helped companies with big positions in the U.S. like *Union Oil, Arco, Sohio, and* Cities Service. But good news on the foreign front also helped stocks like Phillips, Mobil and Superior Oil.

Although oil company earnings in 1980 are not expected to show the same spectacular year-on-year gains they did earlier, the outlook for this sector as a whole is probably one of the brightest on the industrial front, and market analysts would not be surprised if the oil re-established their market leadership in the next few weeks.

By contrast, the high technology stocks took a drubbing. The first results from 1980 showed sharp earnings drops at Intel, a big electronic components maker, and Data General, where the fourth quarter was down 50 per cent.

Bad news also hit the gambling stocks, once the darlings of the American Exchange, where most of them are traded. The December "win" at the new Atlantic City Casinos was off sharply, the first time this has happened since gambling opened there in 1978. Analysts now predict a decline in earnings for 1980.

The banks were the first major group to report their 1980 earnings. As expected, they were decidedly mixed because of the record interest rates that prevailed towards the end of 1980. J. P. Morgan parent of Morgan Guaranty, was up 27.5 per cent for the full year. But the final quarter was down on the third. First National Bank of Boston also had a bad last quarter, though results for the full year were up quite sharply. Bankers Trust and Chemical Bank were both ahead, but the savings and loans (equivalent to building societies) have all been clobbered.

Bank write-offs were also up. No bank would identify the loans involved, but there are enough large companies in deep trouble to leave little to the imagination. Although Chrysler's latest package keeps the banks hanging in there, it effectively promises them no more than 15 cents on the dollar, and most lenders have written Chrysler off as a bad job. Itel, the San Francisco leasing company which is crushed by $1.3bn in debts, will be considering whether to file for bankruptcy this weekend. And Seatrain, hte shipping company, has publicly stated it is only alive thanks to the good graces of Chase Manhattan. But unless creditors can stretch their patience, it too has warned that bankruptcy proceedings are inevitable.

The stock market is unlikely to quiver if any of these go under (in fact, it might welcome their demise), but it is all a sign of the times.

MONDAY	968.77	+8.06
TUESDAY	965.10	−3.67
WEDNESDAY	966.47	+1.37
THURSDAY	969.97	+3.50

Unclear crystal

MINING

KENNETH MARSTON

ONE MARKET that should have been enjoying a boom in recent times is that in crystal balls. Hardly a day passes without somebody coming up with an economic forecast of one type or another and the cloudier the pictures seen in the glass globes, the more interpretations that seem to emerge.

However, there does seem to be a consensus of opinion that second-half 1981 may see some improvement on the economic front, particularly in the U.S. This is the view of Canada's major investment house, Wood Gundy, which expects metal prices and earnings to improve during the second half of the year with the rate of recovery accelerating in 1982.

The brokers still expect lower total earnings for most Canadian mining companies this year and, in the short term, a fall in share prices. But the latter, it is argued, would provide a buying opportunity in stocks such as **Cominco, Brunswick Mining, Hudson Bay Mining and Smelting, Sherritt Gordon and Cyprus Anvil** which should participate in a second-half sharemarket revival.

One company that is confident of another record year, even if there is no recovery in base metal prices, is Canada's **Teck Corporation.** Thanks to new mine development and acquisitions the group has made striking progress over the past five years. The main reason why it expects to continue this progress in 1981 is the starting up this week of the C$150m (£52.6m) Highmont mine.

This new copper-molybdenum producer in the Highland Valley of British Columbia, is next door to the successful and expanding **Lornex** mine in which Teck has a stake of 21 per cent with a further 68 per cent being owned by **Rio Algom** in the **Rio Tinto-Zinc** group. Teck also holds 73 per cent of the Afton copper-gold mine in BC which expects to complete repayment of its bank indebtedness this year but faces a temporary reduction in ore grade.

Australia's **Western Mining** has already forecast that earnings for the first half of the current year to next June should be higher than those for the same period of the previous 12 months, but has gone no *further than this.*

London brokers Carr Sebag point to the company's present large dependence on nickel, which is a poor market at the moment, and thus fear that the current year's results will be disappointing.

They remain confident of the long term future of the group but feel that the shares should now be sold with the objective of buying in again at lower prices. A buying level of around 240p compared with the current 275p is suggested, but for the small investor it seems that there may not be a great deal of advantage in following this line in view of the dealing expenses involved.

Meanwhile, Western Mining has announced that it is considering reopening the Windarra nickel mine—which originally belonged to **Poseidon**—in Western Australia. This may appear surprising in view of the state of the nickel market but it could make sense when it is realised that part of the Windarra facilities are to be used for treating gold ore this year from the nearby Lancefield mine.

Gold is another enigma at the moment and the market in South African gold shares has been going through a bad time. The 1980 December quarter profits so far announced by the South African mines have been uninspiring. They were based on a gold price received in the region of $640 per ounce and thus will be a good deal less inspiring for the current quarter if the price stays at around its current level of $561.

For most of last year gold share prices closely followed the bullion price, but in the final three months the shares outperformed bullion. That gap has now disappeared as a result of the recent sharp fall in share prices, so perhaps the sharemarket is now in a healthier position.

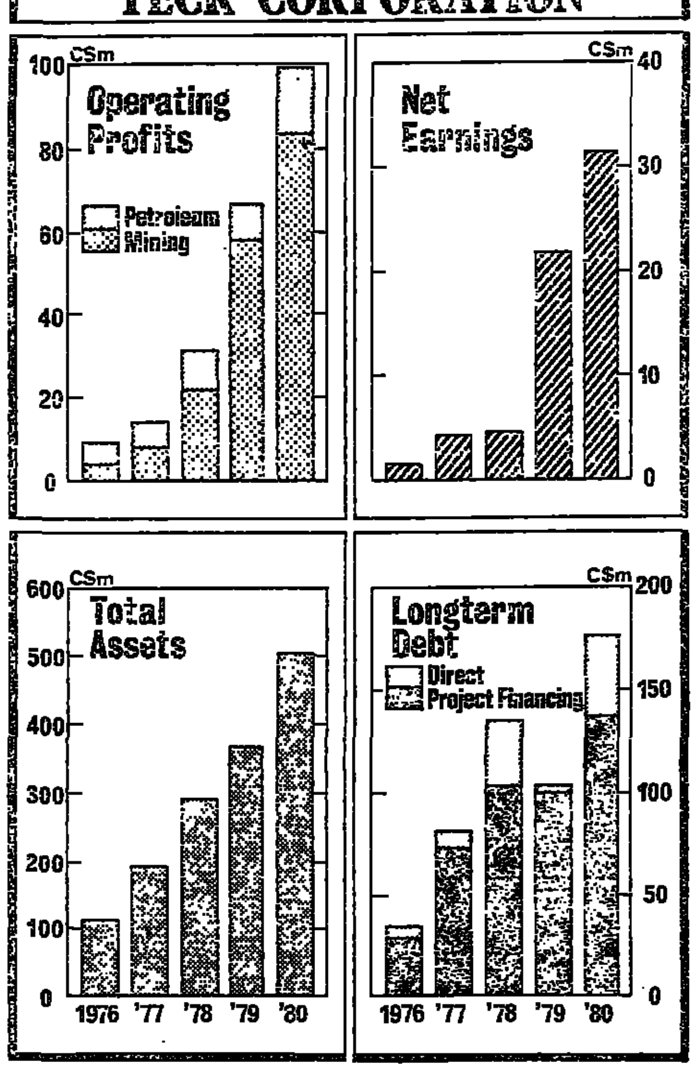
The question which remains *however, is whether gold prices* can hold at current levels. Nobody can really answer this one, especially as far as the short term is concerned.

In recent times, the gold price has been depressed by high interest rates. Hopes of a release of the hostages in Iran have also been put forward as a reason for the depression in the price.

The fact is that political events, good or bad, have only a temporary effect on the course of the bullion price. Basically, it reflects the level of confidence in paper money. The release of the hostages would have little bearing on the value of paper dollars or any other currency.

Inflation, on the other hand, very much affects such confidence and while the rate of world inflation may slow, it seems unlikely to disappear in the foreseeable future.

TECK CORPORATION



UNIT TRUST AND INSURANCE OFFERS

Key to the future of UDT

BY CHRISTINE MOIR AND TIM DICKSON

THE PRUDENTIAL and Eagle Star hold the key to the future of United Dominions Trust.

As part of the rescue package they were forced to offer the finance house during the dark days of the instalment credit crisis in 1974, they acquired convertible stock which gives them an effective 52 per cent of UDT.

As a result of this week's bid by Lloyds and Scottish for UDT they now have two choices before them:

- Keep 52 per cent of a restructured UDT after the Trustee Savings Banks Group takes over the hire purchase side.
- Take over £40m in cash and a seven per cent stake in an enlarged finance house and industrial holdings group created by the merger of Lloyds and Scottish and UDT.

Last August, Mr. Len Mather, the chairman of UDT appointed by the banks during the 1974 crisis, unveiled—not the takeover everyone had hoped might eventually come when the group had returned to health—but another support package which was to have divided the group into two halves, unfettered by each other.

TSB was offering to take over 75 per cent of the £450m hire purchase side. This would have left a new company, tentatively called Endeavour, with a 25 per cent holding in the TSB group's finance house, an injection of £60m or so of capital and a collection of other financial services and industrial businesses financially strong enough to embark on expansion.

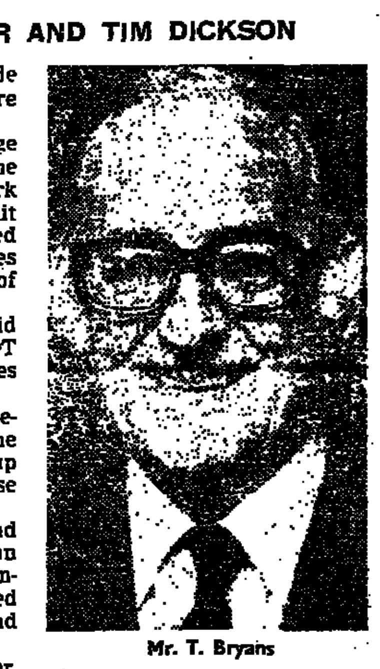
It was not the perfect solution, as Mr. Mather admitted at the time, but there was no other in the offing.

Now, five months later, along comes Lloyds and Scottish, the somewhat larger finance house backed by the capital muscle of Lloyds Bank and the Royal Bank of Scotland, each owning 40 per cent.

Lloyds and Scottish has now slapped in a bid for the whole of UDT, pre-empting the complex negotiations with the TSB group which have been slowly grinding to a formal conclusion (signing is now said to be less than a month away). The Treasury's close supervision of the TSB rules out a full scale counter bid.

The Lloyds and Scottish offer is largely in cash (the two parent banks are taking up £82m worth of new Lloyds and Scottish shares to finance the takeover) plus a small proportion of its own shares amounting in all to 55p a share.

From Lloyds and Scottish's point of view, the UDT instalment credit business looks attractive. The support from the Bank of England's "lifeboat," once £500m, is rapidly falling below £75m. Profits should soon be coming through at a rate not disproportionate to the £15m Lloyds and Scottish itself made on HP business in the poor conditions of 1980.



Mr. T. Bryans

But most important, Lloyds and Scottish, whose £600m or so HP business makes them higher in the finance house league table, wants UDT's volume to bring it up to the market leaders — Lombard North Central, Mercantile Credit and (slightly behind) Forward Trust.

So Lloyds and Scottish is largely buying customers. The two groups overlap considerably, though there are some relatively minor differences. L. and S, for instance, is stronger in Scotland and UDT in the south. L and S is probably stronger on the corporate credit site and UDT on motor business.

The enlarged group would be *competing on an equal footing* with its competitors for business. But if UDT were to be backed by the TSB group with access to its cheap depositors' cash, it could have a competitive edge in the market.

Outside its hire purchase business, UDT's ownership of the International Commodities Clearing House, which provides services for commodities dealing, has always been regarded as a jewel. Now it is faced with the need to strengthen its capital base and improve its status if it is to win the promised market in gold futures. Lloyds and Scottish has both the financial muscle and the necessary credentials.

Its own industrial divisions have a lot in common with UDT's. It owns Mann and Overton, the taxi business and a truck lift hire fleet: UDT has the Swan National hire fleet. Both have smallish leasing books.

Lloyds and Scottish has seen a major jump, possibly of more than 50 per cent, in its factoring business since the acquisition of James Talcott Factors. It also operates a profitable television rental and distribution business. UDT has a collection of financial services groups and small international banks.

The indusrial holdings provide a necessary balance to the instalment credit business in both groups and would continue to operate that way. Nor would the enlarged group have a significantly different financial profile. Net borrowings at Lloyds and Scottish are about six times shareholders' funds (though deferred tax is conservatively treated). At UDT the ratio is closer to seven.

That, in brief, is the choice before the two institutions and the other shareholders. A big factor is the share price—which had languished at around 38p after the TSB deal was announced.

Major institutions are usually reluctant to have to make such a bald and public choice, particularly if there is a hint that employees' futures may be in balance. For them the neatest solution might be for the TSBs to withdraw.

But they have no intention of throwing in the towel. The deal formed a key part of the TSB's overall strategy for the 1980s and followed months of secret, but painstaking negotiations.

The TSBs have already come a long way from the simple savings banks which sprouted in thrifty Victorian England. New TSB services began to develop in the 1960s but what really set the ball rolling was the Page Committee Report in 1973, which argued that the TSBs should become all round personal bankers with all that this implies.

Under the close supervision of the Treasury the TSBs have rapidly expanded their activities but there is no doubt in anyone's mind that the UDT deal was "the big one."

There are two basic reasons why the purchase of a 75 per cent stake in the hire purchase side is attractive from the TSBs' point of view. First, it would give them access to a new but complementary business, and a whole range of new outlets and customers.

Secondly, the TSB group has slowly been diversifying its lending portfolio like that of a proper commercial bank. The acquisition of UDT would give it a major footing in short to medium term fixed rate finance markets.

Failure at the eleventh hour would be a bitter pill for the TSBs to swallow but if the worst happens it would not change the overall direction of their development. It would however, slow this down.

Mr. George Duncan

Mr. David Thorn, deputy chief general manager of the TSB Central Board, said yesterday that he believed the group should get involved in the instalment credit business.

"It would be less than honest to suggest that we have not looked at other possibilities in the past. But if necessary, we will have to start from scratch."

The TSBs, however, are in no mood to accept defeat and will rest their case largely on how a Lloyds and Scottish takeover would affect the people involved.

Mr. Tom Bryans, chief general manager and the man most directly responsible for setting up the UDT deal, feels the issues are wider than simply financial arguments. A TSB takeover, he says, would introduce a new competitor into a market currently dominated by clearing banks—a successful Lloyds and Scottish bid would reduce competition.

Secondly, agreement with the TSBs guaranteed a secure future to all UDT employees.

Next, shareholders in UDT, if they accept the Lloyds and Scottish option, will miss out on participation in Endeavour, a company with "clearly exciting prospects."

Defending the lengthy administrative delays which may have allowed Lloyds and Scottish to pip him at the post, Mr. Bryans points out that the two sides have been working flat out for the last six months.

"There are enormous legal complications, 10 separate agreements between the various parties have had to be worked out, and even the two merchant banks involved admit they have never had to cope with something quite so complex."

FINANCE AND THE FAMILY

Circumventing a will contest

BY OUR LEGAL STAFF

A friend of mine, almost 40 years my senior, wishes to leave me his house in his will. His solicitor feels that the will could be contested possibly by my friend's nephews and nieces, who are the closest relatives. Although the solicitor has not given specific reasons, or offered any solutions, I assume that undue influence and infirmity would be the most likely grounds for contesting. Neither of these are justified. What action may my friend take before his death to ensure his wishes are carried out and that contesting the will would be pointless?

There is no reason why the will proposed should not be executed—to avert subsequent criticism you should procure that the solicitor drawing the will and *the witnesses* take careful note of and record their views on the testator's capacity when he executed; and the former should make sure that the testator is *fully advised* of the terms of the will and of all their consequences. A medical opinion can also be obtained at the time of execution of the will.

Resident abroad and VAT

I refer to your reply under *Resident abroad and VAT* (November 29). Could you let me know when the VAT exemption and the 1 per cent stamp duty on the purchase of UK shares first came into *effect*? This information would enable me to determine whether I could claim a refund from my broker for purchases prior to February 1976 while non-resident.

The zero rating in respect of *stockbrokers'* charges to non-residents has been in force since the introduction of VAT. The wording of the legislation changed in 1978 so that as from *January 1 1978*, the zero rating applied to persons resident outside the EEC. The wording in relation to persons resident in the EEC is that such services will only be zero rated if they are applied to a person in his business capacity and not in his private capacity.

The reduced stamp duty on shares has been available since August 1 1974.

No obligation to clear ditch

I have a field situated next to playing fields. The local authority has drained these playing fields into a ditch between them and the gardens of some houses. This ditch goes *into a ditch, not shown on the deeds,* at the side of my field. The gardens have been flooded at times and the residents are maintaining that my ditch *should be cleared to cope with* the water from the playing fields. Do I have any obligations in this respect?

From your account there does not appear to be any obligation on you to clear your ditch. But, if the playing fields were formerly drained into the ditch at the back of the houses and thence into your ditch and the new drainage is only reinstating that position, you may be liable to clear your ditch as the residents claim.

Liability for a washer

The agents for my landlords have debited me for the replacement of a washer for a hot water tap in my flat. I maintain it is their responsibility as Sections 32/33 *of the* Housing Act 1961 applies to the tenancy, and if I turn off the hot water at my mains, it also turns off the hot water in two other flats. The agents on the other hand, maintain that the tenant is liable in such circumstances and quote as their authority a decision of the Court of Appeal, Warren v Keen (1954) judgment being given by Denning L. J. As the case was heard some years before the passing of the Housing Act 1961, I fail to see how it can apply. Could you please comment?

We agree with you that the intervention of the Housing Act *1961 is sufficient to change any* liability there might formerly have been on the tenant to replace a hot water tap's washer. Moreover, it is not clear that there would have been such liability on the tenant before 1961—Lord Denning's observations in Warren v Keen are dicta only, not part of the decision of the Court of Appeal.

Disinheriting a son's wife

I want to bequeath half my estate to one of my sons, but want to ensure that none of it goes to his wife, of whom I do not approve. I am thinking in particular of what might happen if they were divorced. Can you make any suggestions as to how to draw up my will, with this in mind?

It is possible to set up a trust by the terms of your will in a *form* which would place considerable restrictions on the ability of the beneficiary to alienate the trust property. Such provisions need to be most carefully framed and you would be wise to consult a solicitor. It may however be impossible to guard against the power of a court to dispose of property on divorce.

Transfer back of land

Some years ago I gave to my daughter a plot of land on which I paid the due Capital Transfer Tax on its then assessed value as being ripe for development. My daughter, however, has now decided she does not want the land and would like to transfer it to my wife for her to build on it. Could you please *advise* me whether this can be done without attracting further taxation?

Broadly speaking, as a result of the 1980 Finance Act, when the land is transferred back to you, *there will be no tax liability* and you may be able to obtain a refund of the capital transfer tax you paid.

No immediate bill to meet

Mr. X bought a holiday cottage for £5,564 in 1974 and sold it for £9,423 in 1980. From these proceeds £8,623 was given to his son. Will both capital transfer tax and capital gains tax have to be paid, or only one under the relief given in the latest Finance Act whereby *double charge of these two* taxes in said ts have been removed?

Mr. X will have to pay CGT on the £3,859 chargeable gain (subject to any private-residence relief which may be available) and he would have to pay CTT on the cash gift of £8,623 to his son (subject to the £4;100 exemption) if he had used up the £50,000 nil-rate band. *As this is presumably not* the case, however, Mr. X's solicitor has doubtless already reassured him that he has no actual CTT bill to meet at present.

No legal responsibility can be accepted by the Financial Times for the answers given in these answered by post as soon as possible.

Depreciation of property

***I have recently retired to* England from overseas. With *the retirement fund* I brought over I bought two houses to live *in. I did some* holiday lettings in these two houses since then. When I make my tax returns, am I entitled to claim any capital allowance or capital expenditure on account of the price and expenses I *paid for these two houses*? How about the depreciation of the premises concerned? Any scale of annual writing down or limit of expenses allowed for *maintenance of the premises*? Any booklets I could obtain from the Tax Inspectors in this regard?**

You should ask your tax inspector (or any convenient tax inspector's office) for a copy of the free booklet IR27, Notes on the Taxation of Income from Real Property.

Unfortunately, no capital allowance or other tax relief is *given for the depreciation of* the premises. However, 10 per cent of the net rents (after deducting rates etc.) should be regarded as attributable to depreciation of the contents, as explained in the booklet.

A better road ahead

INSURANCE

ERIC SHORT

THERE IS better insurance news on the way for motorists. The rise in the cost of car insurance will slow down in 1981, providing a respite that *will be welcomed by all drivers.*

Rowe and Pitman, the stockbrokers, has forecast that rate increases from insurance companies will average 15 per cent, compared with last year's rises of 20 per cent.

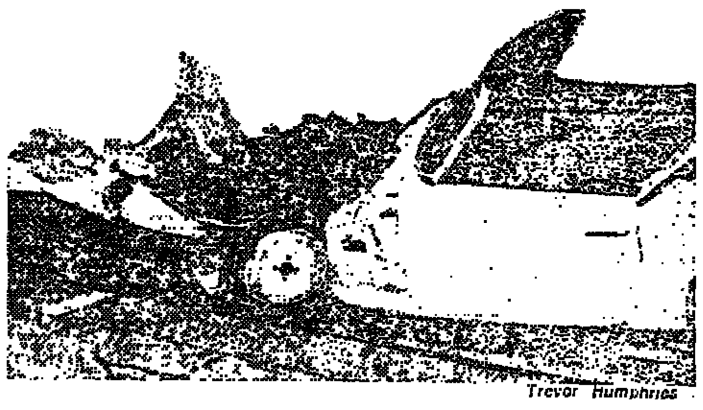
The cost of motor insurance has risen in line with inflation. For the average British driver, cost of insuring his Cortina 1300 cc has gone up from £26 on January 1, 1974 to £84 on January 1, 1981. This allows for the full No-Claims Discount. The *graph shows how costs have* risen over the period. Rowe and Pitmans average premiums based on the 10 major quoted insurance companies shows a *similar pattern.*

Motor premium rates depend on two main factors—the number and frequency of claims and the cost of each claim. The num*ber of claims depends very* much on the weather. The cost of petrol is a minor influence. The bad weather of 1979 sent the number of claims soaring, but better weather last year put things back to normal.

But the petrol price increases since 1974 have been lower than the annual inflation rate. This means that more people use their cars, and accidents risks increase. Rowe and Pitman shows that accident claims since 1974 have risen slowly but steadily.

The cost of claims depends *on the cost of* labour, *spare* parts, and to a minor extent the cost of court awards in contested claims. All these items rise with inflation. Labour costs *usually outrun price rises.*

But in spite of the steady rise in premium rates, the insurance industry over the past decade has usually paid out more in *claims and incurred expenses in* running the business in excess of the premiums received—known technically as an underwriting loss. The prevailing high rates on interest have enabled insurance companies to



Trevor Humphries

reach a high level of investment income on premiums and reserves to offset losses.

Nevertheless, intense competition for business has ensured that motorists have not been overcharged for their insurance, in spite of the apparent large rises. Even so, last year's 20 per cent *increase* is hard to stomach when the renewal notice comes through the letterbox.

Rowe and Pitman's forecast *is receiving support from the* action of General Accident, the largest motor insurer in the UK with over one million motorists on its books. Every year this company has put up *its motor* rates on February 1, acting as a bellwether for the industry.

It usually has two bites of the cherry, making a further increase during the year. This year it is not putting up rates on February 1, and there is no information from the company as to when the next rise is to be made.

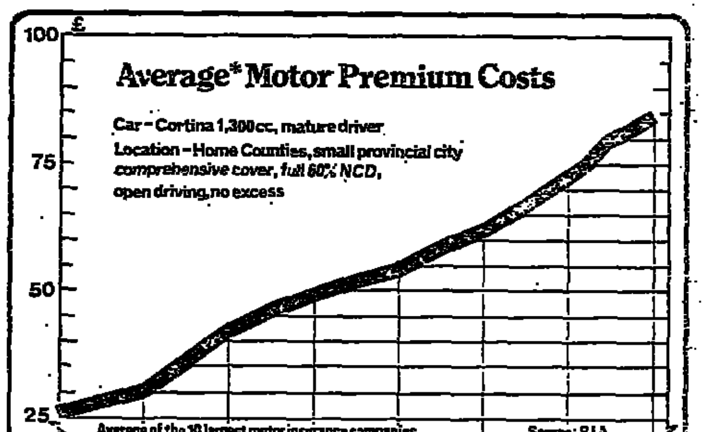
General Accident had a 9.3 per cent increase last August after a *similar* rise last February. Apparently it is letting the current rates run for as long as possible to the advantage of motorists renewing in February. They face only last August's rise.

A similar situation seems to *be happening with some Lloyd's* syndicates. Peter Randall, chairman of Lloyd's Motor Underwriters Association, cautiously feels that motor premium *increases from the* Lloyd's syndicates will not exceed last year's 20 per cent.

But with inflation falling, some syndicates are making a 15 per cent rise early this year hoping to hold the rate for 12 months, instead of making two increases a year.

But all these estimates and forecasts depend on one major assumption—that the British *weather over the next three* months will be mild. After this week's cold snap one wonders just how optimistic this assumption really is.

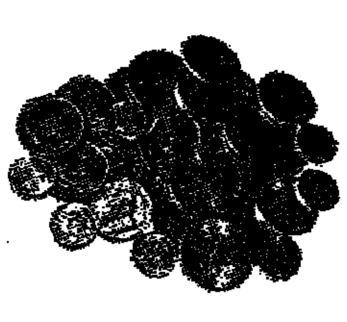
A repeat of 1979's winter with icy roads, severe snow drifting and other joys of winter motoring could send premium rates up again later this year.



Back to the gold Standard

BY DAVID MARSH

WORLD-WEARY investors who *yearn for a change from paper* money but who so far have flinched from the daring notion of buying gold will have a new option to explore starting at the end of the month. Standard Chartered Bank, Britain's fifth largest bank, will be distributing gleaming Krugerrands to anyone who walks into one of its branches with the *£1,000 or so* sufficient to open one of the bank's new "gold account deposits."



The gold coins in their smartly wrapped presentation packs are not, of course, give*aways—although the scheme* does smack of the free gift gimmick. The idea behind the gold account, which will be launched from January 29, is *that Krugerrands* will be paid in lieu of interest to investors opening special one year deposit accounts.

The account offers the unusual *feature* of allowing interest to be collected in advance—rather than when the deposit matures. But the investor makes no real profit out of this, as the *effective* rate *is reduced* or "discounted" to make allowance for the early payout.

The real innovation of the account—which is what Stan*dard Chartered hopes will make* it attractive—is that depositors will be able to take out a minor gamble on the bullion price while at the same time being sure of getting their principal back in full in 12 months time.

Investors will be able to acquire either one ounce or half ounce Krugerrands. UK Sovereigns are also available for those objecting to South African coinage—although the Russian Chervonets is not on offer.

Since the coins can be kept or sold at any time, there is an obvious opportunity to make a *profit if the bullion price moves* up. But with the gold price looking distinctly wobbly at the moment, the downside risk is also considerable.

Standard Chartered this week was hoping that the U.S./Iran hostage drama would be over by the time the account was launched. The possibility of the *hostages' release*, and the potential easing of international tension likely to follow, has been one of the prime factors depressing the bullion price lately. The bank would *obviously* like to start the scheme with gold looking ripe for another rise.

The deposit needed *will* be the amount sufficient to earn in interest the equivalent of the purchase price of the depositor's choice. Based on a discounted one year *interest rate* of 11.7 per cent, the deposit needed for a half ounce and one ounce Krugerrand would be about £1,100 and £2,100 respectively, *based on this week's prices.*

The one important saving that the scheme offers is that investors will not have to pay the £2 commission that Standard Chartered normally charges on coin deals.

Depositors on the look-out for the best interest rates *however* would be best advised to shop around for the highest yields on more orthodox accounts. As for the serious bullion buffs, *Standard Chartered recognises* that any scheme involving only a minor flutter on the yellow metal would have about as much appeal to a real gold enthusiast *as an offer of a* lemonade shandy to a hardened alcoholic.

For you a loan

IF *YOU want a* personal loan, the best place to go at the moment is the Co-operative Bank. Interest on sums between £300 and £3,000 repayable over *periods of between* 12 and 36 months will be cut from an annual percentage rate of 21.1 per cent to 18.8 per cent on Monday.

According to the *Co-op* this reduction puts it 0.8 percentage points below its nearest rival and makes it up to 2.8 points cheaper than some other major UK clearing banks. The Co-op adds that the new rate reflects its philosophy of "sharing profits with customers through competitively priced services."

The Bank, *with this latest* move, is regaining the price leadership which it held in the personal loans field for much of the 1970s.

Non Co-op customers, of course, are unlikely to get a loan. But it's easy enough to get around this problem by opening a current account.

YOUR SAVINGS AND INVESTMENTS

Eric Short looks at life company bonus rates

A boom for some

THE Scottish Equitable turned out to be a very unreliable guide as far as life company bonus rates are concerned.

Before Christmas the company declared unchanged reversionary bonus rates for the three years to end 1980, but re-introduced a terminal bonus rate after not paying one for several years.

Since the New Year several life companies have made substantial increases both in their reversionary bonus rates—bonuses declared periodically and applied to all policies—and in terminal bonuses. Terminal *bonuses are paid when a con*tract matures or on death.

The size of increases announced so far this year have not been seen since the boom days of the early 1970s. The net effect on policyholders with those major companies that have made declarations so far is shown in the table.

This compares maturity values in December 1980, ahead of the declarations, and in January 1981, after the rates have been increased. The results are revealing.

The pattern of increases is uneven not only between life companies but between short and long-term contracts issued by the same company. It hardly seems fair that such differences should exist between policies maturing within a few days of each other. One lesson from this year's bonuses is do not buy a with-profits plan in December.

There are two main factors affecting the size of this year's increase. Over the past three years, life companies in general have been investing heavily in high yield gilts and this has given an immediate substantial boost to investment income.

But last year saw the effects of the removal of dividend limitation, with equity dividend payments soaring until the final months. These bonus increases represent the fruits of that investment buoyancy being given to policyholders.

Secondly, another reason not readily admitted by the life company actuaries is that straight with profits business has been dull in the last few years. Life companies are not only competing with each other, they are competing against other forms of saving.

If these bonus rates can be maintained over the next 10 years, then with-profits savings plans look attractive compared with building societies faced with falling interest rates.

But this is a sweeping assumption. Life companies are also affected by falling interest rates. They get a lower return on investing new money, and because they tend to match assets and liabilities, they do not benefit to the same extent from rising capital values on gilts.

Actuaries have the reputation for caution and tend to look well into the future in fixing a bonus rate. They make reasonably certain that such rates can be held well into the future. The market repercussions on the life company that cuts its reversionary bonus are likely to be severe. Yet this time round, actuaries seem to have lowered their sights and concentrated on *the immediate marketing posi*tion, presumably in an endeavour to reverse the falling sales of with profits used for savings purposes.

A full review of the situation cannot be made until all major life companies have declared their bonus rates. Some companies wait well into the new year before deciding what to do. The action of their competitors must give their actuaries food for thought.

Salesmen and life companies are still providing quotations for new contracts on these new bonus rates, making projections well ahead. While bonus *rates keep rising, this practice* is acceptable since the quotation understates the eventual amount paid out. Now people must be warned that bonuses, like unit prices, could fall.

MATURITY VALUES FOR POLICIES TAKEN OUT BY A 29-YEAR-OLD MAN PAYING £10 MONTHLY

Company	Dec. 1980 £	10-year contract maturing Jan. 1981 £	Increase %
Equitable Life	1,936	2,029	4.8
UKP	1,832	1,876	2.4
Scots. Widows	1,799	1,851	2.9
Norwich Union	1,810	1,850.	2.2
Yorks-General	1,766	1,784	1.0
GRE	1,734	1,783	2.8
Scots. Amicable	1,750	1,777	1.5
Clerical, Medical	1,752	1,773	1.2
NPI	1,719	1,769	2.9
Scots. Prov.	1,675	1,751	4.5
Royal	1,699	1,716	1.0
Sun Life	1,639	1,663	1.5

Company	Dec. 1980 £	25-year contract maturing Jan. 1981 £	Increase %
Norwich Union	9,022	9,574	6.1
UKP	8,322	9,251	11.2
Clerical, Medical	8,783	9,061	3.2
Scots. Amicable	8,623	9,007	4.5
Scots. Widows	8,743	8,978	2.7
Equitable Life	8,141	8,661	6.4
Scots. Prov.	7,895	8,320	5.4
Royal	7,276	7,560	3.9
NPI	6,951	7,250	4.3
Yorks-General	7,193	7,250	0.8
GRE	6,917	7,127	3.0
Sun Life	5,734	6,553	14.3

The year of the fight-back, but it won't be a walkover

UNIT TRUSTS

TIM DICKSON

AFTER LOSING their sparkle of the late 1960s and early 1970s unit trusts are fighting back in the battle for savings. The struggle, however, is proving to be no walkover. Figures this week from the Unit Trust Association showed that while demand for unit trust management has certainly picked up, business is by no means booming.

Sales in 1980, were the highest on record. Investors bought £531m of units during the year, significantly more than the total in 1979 and a whisker above the previous highest of £530m achieved in 1978. Following the disappoint*ing dip in 1979 and the poor* publicity which trusts attracted at the beginning of last year the result is not unsatisfactory. It ought, however, to be put in perspective.

A sales record, for example, would not have been established without the help of the 16 gilt and gilt and fixed interest funds, many of which were launched last year following a benign gesture from the Government in the 1980 Finance Act. Between them these funds pulled in £37m.

Until last year unit trusts which invested in gilts were *required to pay tax on the* income at the Corporation Tax rate of 52 per cent. This put them at a considerable disadvantage compared with individuals investing direct who pay tax on the income at their own personal rate. The Chancellor's decision to remove the anomaly paved the way for a gush of new funds offering professional management in fixed interest stock with little or no tax disincentive to the investor. (Individuals pay no capital gains tax on gilts held directly for more than a year, but unit trust gains of more than £3,000 do incur CGT).

The timing of these launches could hardly have been better. Interest rates were high and on occasions last summer it was difficult to find anyone in the City who was not convinced they would come quickly tumbling down. The prospect *of* a high yield added to impressive capital gains thus seemed assured, making the selling of funds a marketing man's dream.

Many managers concede, however, that while gilt funds are a useful addition to their range, they are unlikely to be a permanent source of new money. Gilts go in cycles and when interest rates do eventually fall the funds will be much more difficult to promote.

The number of units being cashed in, meanwhile, is another potentially disturbing factor for the unit trust movement. Mr. Cholmeley Messer, chairman of the Unit Trust Association, rightly argues that an increasingly mature industry with assets now of £5bn. has got to live with significant repurchases. The Stock Market was reasonably buoyant in 1980 and many will have wished to take profits, particularly unitholders coming up to retirement. Recession, uncertainty and high nominal interest rates, moreover, have made cash an attractive alternative. And the steady maturity of unit linked policies has inevitably increased the volume of withdrawals.

It is further argued that new sales, which bring in an initial 5 per cent charge, are much more important for managers than repurchases, which only result in the loss of the much smaller annual levy.

All this is true but record repurchases of £424m in 1980 mean that net new investment in unit trusts last year was only £108m. This was almost double the net new total in 1979 but well below the levels of new money coming in during previous years. With much of the action now taken up by switching, managers still need to attract new investors.

The UTA has drawn attention to the record repurchase ratio in 1980, adding that the second half of the year witnessed a substantial improvement. The repurchase ratio is the total value of units cashed in each year expressed as a percentage of the average value of funds at the end of each month. Over the last four months the average repurchase ratio on an annualised basis was only 7 per cent, against 9.2 per cent over the 12 months. Ratios, however, can be misleading and in this case the repurchase ratio looks better only because sales over the period in question were higher. Altogether £227m of units were cashed in between July and December, against £197m from January to June.

Besides paving the way for new gilt funds, the last budget abolished the liability of unit trust funds to capital gains tax, emphasising the appeal of unit trusts to small investors.

Following the increases in many funds charges, unit trusts are also becoming a much more profitable business for managers. Altogether 28 new authorised unit trusts were launched in 1980 and although there are now over 400 on the market investors can expect the choice to get wider still. According to some observers, new groups may be waiting in the wings . . .

A bird to watch

PENSIONS

ERIC SHORT

THE WORLD'S oldest mutual life company Equitable Life is launching one of the latest pension products—a unit-linked self-employed pensions plan, the linking being to its Pelican unit trust.

The 200-year-old company has been the top performer over the short term for conventional with-profits business, both life and pension contracts. It pioneered with-profit life assurance and this seems to have restricted its ventures into the "new fangled" unit-linked field. Yet its only effort in this field has met with considerable success.

Early in 1969, Equitable launched its unit trust operation, nothing fancy or gimmicky, just a straightforward unit trust investing in a widely spread UK equity portfolio. Then it introduced the regular savings-linked contract, investing in Pelican units.

The returns to policyholders after ten years are shown on the accompanying graph. It has outperformed the maturity value on the corresponding with-profits contract even though the company is the top performer over ten years for with profits endowments.

With such a record, why has it waited so long before launching further linked products. There are two reasons.

First one gets the impression that Equitable has been slightly embarrassed by its success in the linked field and has waited to ensure that its performance has not been a flash in the pan. The company has never strongly promoted its linked savings plans in spite of its success.

Secondly and more important, while the absolute limit on self-employed pensions remained at £3,000, the company felt it could not recommend a linked-scheme in conjunction with its with-profit policy.

Equitable Life is one of three life companies that does not pay commission to intermediaries. So it has to sell its products direct through its field staff. Such persons have to advise clients on which products meet their needs.

The view on self-employed *pensions has* been that the first priority was to secure a basic pension through a with-profits scheme—Equitable has good performance for these as well. The £3,000 limit took up all the available annual premium meeting this objective.

But with last year's Budget removing this ceiling, many self-employed can now pay premiums of £10,000 plus. With such high premiums Equitable feels that the self-employed, having secured a basic pension, can, if desired, invest the balance in a linked contract.

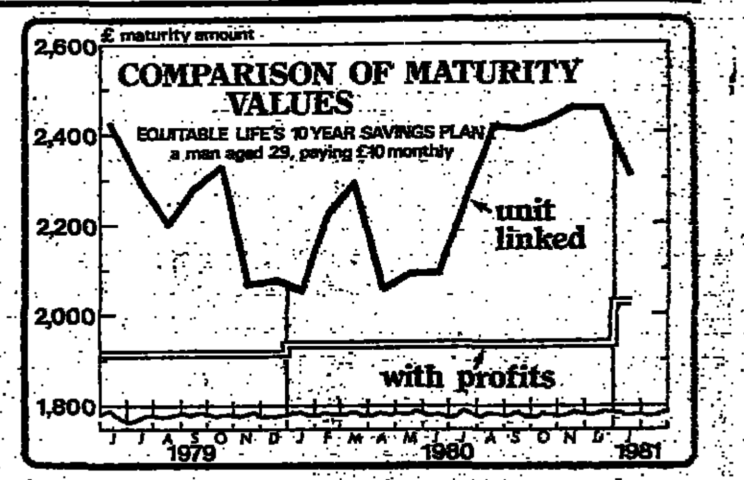
The linked pension plan makes a timely appearance, just before the rush ahead of the end of the financial year. Equitable with around 10 per cent of the market does much of its business in March and early April.

Last year's Finance Act also made authorised unit trusts virtually tax exempt for UK investment. So Equitable had the ideal vehicle readily available without going through the troublesome process of setting up new tax exempt funds.

Investors looking at this new plan can consider the experience of the savings products. The linked investment is primarily into a UK equity fund with the option to hold cash, whereas the with-profits fund is a mixed fund with a high proportion of gilts to match the contractual liabilities. The absence of guarantees has enabled the linked fund to outperform the with-profits, though performance is erratic.

However, Equitable's new policy has one major flaw. There is no linked cash fund alternative. An investor using a linked self-employed plan needs to be able to switch into cash to avoid retiring at a time when the market is comparatively low.

His pension and cash sum depend very much on timing. All good linked pension schemes have such a cash fund to avoid this problem. Yet Equitable has no such plans, leaving the self-employed with the alternative of delaying taking a pension until the market has recovered. The company needs to think again on this point.



Tyndall shows the small man's way to the money market . . .

INVESTMENT

TIM DICKSON

TWO NEW cash deposit funds, one with a cheque book facility and both offering rates of interest close to those available in the money markets, have been launched by Tyndall and Co., licensed deposit taking arm of the Tyndall investment and financial group.

Tyndall, now part of Globe Investment Trust, is probably best known for its unit trusts but the two new funds are not unit trusts. They are designed to attract investors with sums of money which will probably be needed at short notice but who want maximum security and the highest possible return.

The money fund concept is not widely known in the UK, but observers of the U.S. scene will be aware that they are spectacularly successful on the other side of the Atlantic. Federal Banking regulations prohibit U.S. banks paying more than 5 per cent to depositors, a major constraint when prime rates have at times soared above 20 per cent. In this climate money market funds, which are flexible and accept small amounts, have boomed and now account for $60bn-$70bn.

With a much narrower difference between the returns available on retail deposits and wholesale money in the UK, the incentive to pool small individuals sums has not been so great.

Tyndall, however, is hoping to attract professional advisers, and both corporate and private investors with its new vehicles.

Both funds will require a minimum balance of £2,500 and withdrawals will be limited to a minimum of £500 a time. The money will be placed only with the Treasury, the major banks and their subsidiaries and selected local authorities.

Although the differences are not enormous, the Tyndall and Co. Demand Fund is more geared to the needs of the professional adviser. The average daily rate of interest obtained will be passed on to the investor after deduction of ½ per cent per annum (Tyndall's charge) and this will accrue up to and including the day before repayment is made.

The Tyndall and Co. Money Fund, meanwhile, offers the additional facility of a Tyndall and Co. cheque book. Cheques, however, cannot be signed for less than £500 and while they are obviously no substitute for an ordinary bank current account, large sums can be conveniently transferred. Tyndall's name in the banking world is not universally known but the company points out that cheques used for large purchases normally have to be cleared anyway before the goods are handed over.

Interest on the Money Fund, which will invest in 7-day as well as call and overnight deposits, will generally work out a little below that paid on the Demand Fund. Tyndall says the rate will probably vary weekly rather than daily. Interest will be paid from the day cleared funds are received until seven days before repayment. Put another way, when the company receives instructions to withdraw, it will deduct 7 days' interest.

Notional figures produced by Tyndall—the company already runs a money book so is not starting from scratch — show that last year depositors in the Money Fund would have received two percentage points more than the clearing bank 7-day deposit rate and between one and two percentage points more than the building society ordinary share rate. Those in the Demand Fund would have received a little more. The rate which Tyndall would have been quoting on Thursday in both cases was 14 per cent.

Tyndall's cheque book facility is an interesting innovation but the money fund concept is not without parallel in the UK. Many professional advisers at any rate will be familiar with the Simco call and 7-day deposit funds both run by Saturn Management. Between them these now total around £100m—as a spokesman gallantly said on hearing about Tyndall: "We will welcome some competition."

Tax concessions smooth the way

Major reliefs embodied in last year's Finance Act, added to earlier changes, have greatly improved the pension facilities of the self-employed. This survey outlines the principal lines of approach.

BY ERIC SHORT

FOR DECADES the position of the *self-employed* in the State pensions framework has been very much that of a square peg in a round hole. The authorities have designed each successive scheme to meet the pension needs of employed persons, taking into account the alternative of company pension *provision*. The arrangements for the self-employed then appear to have been *tagged on* at the end.

The upshot is that self-employed persons having to rely *on* the State for their pension on retirement get nothing more than the totally inadequate basic rate.

The present State scheme came into operation in April 1978, making available comprehensive earnings-related pensions for all employed persons, by adding to the basic flat rate State pension a second-tier pension based on earnings. This second tier can come from the State or a company pension scheme. The National *Insurance* contributions paid by both the employed and their employers are *also* based on earnings.

Under this new scheme, the self-employed pay a weekly flat rate Class 2 contribution, which from April next will be £3.40 a week, plus an annual Class 4 *earnings-related* contribution. From April the latter will be 5¾ per cent of annual earnings between £3,150 and £10,000. But the self-employed only get the basic flat-rate pension — at present £27.15 for a single person and £43.45 for a married couple. For the self-employed their contributions are more akin to a social security tax than insurance premiums.

The accompanying table shows the annual contributions paid by the self-employed *from* next April and the current scale of the main benefits to which they *are entitled*. Benefit rates are revised every November.

*Not surprisingly, the self-*employed consider that they get a raw deal from the social *security system*, despite *all* the calculations made by the Government Actuary to show that the contributions paid by the self-employed are equitable compared with the contributions paid by employed *persons, when related to the* benefits recieved.

The moral is obvious. The self-employed have to make their own arrangements if on retirement they want an adequate pension on a par with company pension schemes. *There is also the need to cover* for death while working, a standard benefit in company *pension schemes*.

But if they andeavour to build up their own savings to provide the nest-egg, then they will be clobbered by the taxman on every side. They will have to save out of after-tax earnings, pay tax on the investments as they roll-up the income and have the ultimate realisation of assets subject to tax, with investment income taxed as unearned income.

Fortunately, the self-*employed can save in a tax*-efficient manner through a personal pension arrangement with a life company and in addition provide for life cover with maximum tax advantage. In such a scheme the contributions paid *towards pension and* the life premiums are eligible for tax at the investor's top rate. Investment is made into tax-exempt funds. The ultimate benefits are treated favourably for tax purposes.

In many respects the self-*employed get* tax mitigation similar to that granted to employed persons and their *employers with a company* pension scheme. This favourable treatment was originally granted to *the self-employed in* the 1956 Finance Act, implementing the recommendations of the Millard Tucker report that the self-employed should be allowed to make their own pension provision, with tax concessions similar to those available to employed persons.

But pension arrangements for the self-employed have lagged *very much behind those* available to employed persons. Since 1956 there have been radical improvements in the company pensions field in terms of the level and nature of the benefits available. Changes to improve the *original terms given to the* self-employed have been few and far between, even in adjusting contribution levels for inflation.

Then in last year's Budget Sir Geoffrey Howe, Chancellor of the Exchequer, made several *radical changes in the tax* concessions given to the self-employed, removing several anomalies and bringing the treatment more in line with that given to company schemes. In particular he removed the ceiling on contributions, changed the definition of pensionable earnings, removed the impact of Capital Transfer Tax on death-in-service benefits and introduced carry-forward provisions. The article below *describes in detail the* provisions introduced in the 1980 Finance Act, the implication of the changes and the *current* situation for the self-employed making provision for pensions and life cover.

The net effect of the changes is that the self-employed can now set aside much more of their earnings to provide for their old age and arrange life cover. It will be interesting to see how many take advantage of the new situation before the end of the tax year next April. The life companies and insurance brokers are making a big drive *for business over the next three* months.

Until these changes were made the evidence is that only a minority of self-employed have taken advantage of the concessions available. It is estimated that only one-third of self-employed persons make any form of pension provision through a life company—and only a minority make the maximum contributions.

This lack of pension provision *can be attributed to three main* factors—ignorance of the position, the need to conserve finan*cial resources to build up the* business in its early days and the reluctance of the self-employed to set aside capital in *a form they cannot touch.*

At the end of the day the self-employed are very much in the hands of their professional advisers for information and guidance regarding pension provision. The investor's accountant is the best person to advise on the need for pension and the level of contribution that can be paid. But advising *on the most advantageous* method of paying these contributions is often best left to the *insurance broker or life* company director.

There is a strong case for the self-employed person's accountant to work in conjunction with an insurance broker in giving comprehensive advice. One needs to consider the type of contract, the method of paying the contributions and the choice of life company. The advent of *unit-linked contracts has opened* new horizons for the self-employed. But continued invest*ment advice is needed if these* contracts are to be used to the best advantage.

These pension contracts operate on a money purchase basis, in that the ultimate pension depends on the amount of fund built up. So the earlier the start the bigger the pension. Yet the self-employed often cannot make worthwhile *contributions until late in their* working lives when they have become established or reached seniority.

NATIONAL INSURANCE BENEFITS
(From April 1981)

Annual Earnings £	Annual Contributions £
3,150	176.80
5,000	283.17
6,700	380.92
8,300	472.92
10,000	570.67

PENSIONS
Single person £27.15 weekly
Married couples £43.45 weekly

SICKNESS BENEFITS
Single person £20.65 weekly
plus allowance for wife of £12.75 weekly
plus allowance for each child of £1.25 weekly

How the benefits may best be secured

BY TIM DICKSON

FOR MOST people the description "self-employed" means a man running his own business or a partner in a firm. In the context of pensions legislation, however, the definition is much wider.

It is not always appreciated that company directors and their employees who are not *members of an employer's* scheme qualify for the self-employed retirement plans marketed by UK life offices. Such plans are undoubtedly the best way to boost the benefits provided by the State scheme. Even entitlement to an occupational pension, moreover, is not necessarily a disqualification if, like a consultant working in the *National Health Service, for* example, there are non-pensionable earnings from another source.

Life company retirement policies can therefore be used by many who are not wholly or even partly self-employed.

In principle, these policies are relatively simple to understand. The biggest problem is calculating how much you are actually allowed to pay in the way of contributions, especially in view of major changes in the last Finance Act.

Contributions can be made either on a regular basis or as a lump sum. Each contribution secures a benefit at retirement independent of other contributions, so there is no obligation *—as with a standard life policy,* for example—to make annual payments.

The chief attraction of a self-employed retirement plan, however, is the tax incentive. Contributions normally attract tax relief at the individual's top rate (excluding the investment income surcharge). They are invested in a fund which is completely free of income and capital gains taxes, and the ultimate benefits (pension and lump sum) are treated generously by the Inland Revenue.

The major benefit is of course the pension. This can be taken at any age between 60 and 75, even if the policyholder is still working. Its nominal value will obviously depend on the size of the accumulated cash sum and the prevailing level of interest rates at the time of retirement.

This cash sum can generally be used in a number of ways. It can, for example, provide an annual pension for life, usually with the condition that payments will be made for at least five years. *Most people, how*ever, wish to provide for their surviving spouse and companies will, if required, pay out until both partners have died. A further option, in order to provide some protection against inflation, is to buy a pension *which increases each year at a* selected rate of interest.

Another major feature of *self-employed retirement plans* is the tax-free lump-sum option. The law allows policyholders, if they wish, to take a significant part of their ultimate benefits in the form of a tax-free lump sum, and use the balance to buy a pension. The lump sum, *however*, cannot be more than three times the remaining pension.

Further flexibility was introduced in 1979 with what is known as the "open market option." Under this arrangement policyholders are allowed to transfer the proceeds of their policy at retirement to another life company if annuity rates quoted elsewhere are more attractive.

More recent changes, however, are enshrined in last year's Finance Act and relate to the level of contributions which qualifying individuals are allowed to make to self-employed retirement plans.

The 1980 Finance Act made the following important *changes:*

● For the year of assessment 1980-81 the maximum amount individuals can contribute in the form of premiums to a *retirement plan has been raised* from 15 per cent—the maximum in 1979-80—to 17½ per cent of net relevant earnings. Those born before 1916 can set aside more.

● The "overriding limit" (for the past three years £3,000 per annum for those born in 1916 or later) has been abolished. If "net relevant earnings" equal £100,000, it is now possible to put up to £17,500 into a retirement plan — previously £3,000 would have been the limit.

As a result of this *concession* complications for the self-employed with "pensionable *earnings" disappear. Previously* these earnings would have restricted the amount payable into a retirement plan. In 1980-1981, however, such an individual can contribute up to 17½ per cent of net relevant earnings (or more if born before 1916) regardless of the size of pensionable earnings.

● The definition of "net re*levant earnings*" has been altered. From 1980-81 on stock relief will be added to the other *charges (capital allowances not* already deducted, certain losses, etc.) which have to be knocked off before arriving at the "relevant" total. On the other hand, certain personal charges, notably mortgage interest, will no longer have to be offset *against income.*

● Carry-back of premiums is to be replaced by a new carry-forward of unused relief. The carry-back provisions, which will not be abolished until April 5 next, *allowed the self em*ployed to claim tax relief in a year of assessment earlier than that in which the premium was actually paid.

Under the new arrangements, it will be possible to carry forward unused relief for up to six *years. This means that* contributions can be made in 1980-81 which not only take into ac*count the percentage limit in* 1980-81 but which also include premiums permitted but not paid in the years 1974-75 to 1979-80.

Clearly few will be in a position to take advantage of this new concession with one huge lump sum payment. It is, however, an important development since the self-employed will be better able in future to vary their payments according to their income.

It is worth stressing, however, that it is not possible to work permanently in arrears. The Finance Act expressly insists that relief calculated by reference to net relevant earnings for the current year has to be used first: if the premium paid in the current year exceeds this figure, unused relief from an earlier year has to be taken *before unused relief from a* later year (i.e. 1974/75 before 1978/79, if both are available).

In calculating unused relief for earlier years it is important to bear in mind that individual limits changed twice before the latest Finance Act. The table illustrates the percentage and overriding limits since 1974/75. Thus an individual born in 1916 or later with net relevant earnings of £8,000 in 1974/75 was subject to a premium limit in that year of £1,200. The same person with net relevant earnings in 1978/79 of £19,000 was up *against a limit for that year* of £2,850.

● Last, but certainly not least, the Finance Act 1980 has removed the restriction that lump sums payable on death under retirement annuities and Section 226A life policies should go to personal representatives. As a result the self-employed should take advantage of the 5 per cent of net relevant earnings—this has to come out of the overall 17½ per cent limit—which may be paid into life cover policies approved under Section 226A.

UNUSED RELIEF

Individual born:	Per cent limit 1974-5/ /1975-6 1976-7	Per cent limit 1977-8 / 1978-9 1979-80	Overriding limit p.a. (£) 1974-5 / 1975-6	Overriding limit p.a. (£) 1976-7	Overriding limit p.a. (£) 1977-8 / 1978-9 1979-80
1907/earlier	20	30	2,000	3,000	6,000
1908-09	19	27	1,900	2,850	5,400
1910/11	18	24	1,800	2,700	4,800
1912/13	17	21	1,700	2,550	4,200
1914/15	16	18	1,600	2,400	3,600
1916/later	15	15	1,500	2,250	3,000

PENSIONS FOR THE SELF-EMPLOYED 2

What conventional contracts offer

BY ERIC SHORT

IN MAKING pension provision the self-employed have a wide choice of contracts from a host of life companies. In making that choice the self-employed need to understand what each type of contract offers them in the way of investment returns and guarantees. It is not sufficient to take the first policy offered, even from a well-known life company.

When the self-employed were *first able to make tax-efficient* pension provision in 1956, the well-established life companies were quick to enter the field, appreciating its market potential. Although linked life contracts are now well established in the field of self-employed pensions, conventional contracts are still the more popular with investors. In the first nine months of 1980 nearly 70 per cent of annual premiums and over 80 per cent of single premiums were in conventional plans.

Investors have the choice of two main types of traditional contracts—on a non-profit and a with-profit basis. But the format of these contracts from the well-established life companies has undergone a radical change since 1956.

Cash commutation of part of the pension was not introduced until the early 1970s. So in those early days the contracts were straight deferred annuity contracts on an annual or single premium basis. Each contribution secured a certain amount of pension at retirement. Under a non-profit contract the whole amount of the pension was guaranteed by the life company. Under a with-profit scheme a lower level of pension was initially guaranteed, and this pension was increased periodically by bonus declarations—which once declared were also guaranteed.

The 1971 Finance Act allowed the self-employed at the time of retirement to convert part of their pension for a tax-free cash sum. Virtually overnight, the intermediaries changed their marketing approach to maximising the lump sum and leaving the amount of pension *to look after itself.* People in general prefer cash in hand to cash in the future.

Most established life companies changed their contract design to meet these new marketing requirements. The plans became cash funding with the emphasis on building up a fund at retirement, out of which the self-employed would first take his cash sum and then buy a pension with the remaining cash. The open market option introduced in the 1979 Finance Act enables the self-employed to buy the pension with any life company, not necessarily the one with which he had the contract.

This changeover came at a time when the linked life companies were entering the self-employed pensions field and by definition, linked contracts have to be cash funding schemes. So the market was attuned to the cash funding concept.

Under a funding for cash scheme the policy offers a guaranteed cash sum at retirement, and under with-profits bonus rates are added to the guaranted sum. The policy has a guarantee minimum level of annuity rates used to buy the pension. But naturally these rates are pitched quite low.

A few life companies, of which the Scottish Provident has been most vocal, have refused to make the change and still market the old-style contract. These companies point out that the cash sum represents about one-third of the value of the plan and that the most important part is still the pension.

It is pointed out that such cash plans look attractive under current quotations using current annuity rates of 17 per cent for a man aged 65, but the pension is due several years hence and interest rates are coming down already—annuity rates must follow.

Under a non-profit pension plan the life company actuary in calculating the benefits for each unit of premium has to assume a conservative interest rate for annual premium schemes, with cash or pension funded, since he is guaranteeing these amounts in the future.

If interest rates rise—as they have done since 1956—annual premium non-profit plans give investors a poor return. With single premium plans the actuary can base his calculations on interest rates at the time. But no benefit accrues if future rates rise. Under current conditions very few non-profit plans are sold.

But investors seem to like guarantees. Two new-style guarantee plans are quite popular with investors.

Under one form the investor pays his contributions and his fund is credited monthly with *interest at a rate guaranteed to* be not less than the Building Society recommended mortgage rate. Effectively this is a tax-free building society account and under current high rates of return looks attractive.

But the guarantee applies only to the interest rate for the month concerned. When the mortgage rate drops so does the interest rate. In estimating the ultimate cash fund investors should not assume that current high levels *will remain for ever.* Yet most quotations do just that.

Another form of guaranteed policy, marketed by the linked-life company, Abbey Life, guarantees the interest return on each premium paid and the return of capital on retirement. Thus a £1,000 premium paid now for retirement in 15 years time guarantees an income into the fund of £125 a year for 15 years and the £1,000 capital plus accrued income at the end of 15 years. But next year's premium plus the return on the accumulated income depends on next year's guarantee for 14 years to retirement. The guarantee is equivalent to investing each year in a gilt at par that reaches redemption at the time of retirement.

Most traditional pension contracts sold, however, are with-profit plans, either funded for cash or for pension. The actuary in calculating his terms can be more realistic in his interest assumptions.

The actuary makes a periodic valuation of the assets and liabilities of the life and pension funds to determine the profit for the period—at least once every three years, often every year. The methods used by the actuary are complex but in making his valuation he aims at smoothing out fluctuations so that profit emerges smoothly over the years. Bonus rates since the war have risen steadily despite the ups and downs of the stock market.

Having determined the amount of profit available the actuary then decides how much of the profit can be distributed to policyholders—and shareholders if any. Mutual life companies have no shareholders and the policyholders get all the available profit. In proprietary companies the policyholders have to divide the profit with the shareholders, though the policyholders get most of the profits—at least 90 per cent of profits on with-profit business, and often much more.

FIVE-YEAR COMPARISONS

Table 1—cash fund for a man retiring at 65 on June 1, 1980 who paid six annual premiums of £500 over the past five years:

Conventional with-profits	Fund (£)	Unit-linked	Fund (£)
Equitable Life	4,119	M and G	4,830
NPI	4,080	Welfare Life	4,499
Scottish Widows'	4,045	Abbey Life (Property)	4,426
Provident Mutual	4,043	Lloyd's Life	4,197
Yorkshire-General	3,945	Target Life	4,150
Scottish Equitable	3,885	Hambro Life	4,138
Standard Life	3,881	Schroder Life	3,958
Gresham Life	3,782	Imperial Life	3,875
Norwich Union	3,768	Cannon	3,869
FS Assurance	3,677	Property Growth Conv	3,766

Table 2—cash fund for a man retiring at 65 on June 1, 1980, for a lump sum of £500 paid five years earlier:

Conventional with-profits	Fund (£)	Unit-linked	Fund (£)
Gresham Life	928	Lloyd's Life	1,237
Scottish Equitable	884	Schroder Life	1,198
Equitable Life	881	M and G	1,187
NFU Mutual	860	Abbey Life	1,070
Avon Insurance	853	Welfare Life	1,005

Taking stock of performance

BY TIM DICKSON

PERFORMANCE IS the key to the success of any investment and self-employed retirement plans are no exception. The problem is that predicting future results is an inexact science and generally involves assumptions which to put it mildly are often unrealistic. Comparing the performance of unit-linked and conventional with-profit schemes for the self-employed, however, is particularly tricky.

Broadly speaking, there are two ways of doing this. First, there are the historic results showing how somebody taking out a policy, say, five or ten years ago has fared on reaching retirement. This method makes the underlying assumption that companies which perform well in the past are automatically going to do well in the future.

In the absence of any concrete evidence, this may well be the only guide but potential policyholders should not forget *that good investment teams* can go off the boil and apparently poor ones can always pull up their socks. Individuals—on whom success ultimately depends—change jobs from time to time and as a result investment philosophies can significantly alter over the years.

A practical drawback of focusing on past results is that some companies do not provide the figures and, more important, many others do not have any to produce. Unit-linking is a relatively new concept and while 13 companies in the latest survey published by Money Management magazine were able to give their results over five years, only four were available for 10 years. A five-year period is arguably too short and the 10-year sample too small to come to any accurate conclusions about the relative merits of unit-linking and with-profits.

Table 1 (see above) shows the results of a regular premium policy taken out on June 1, 1975, by someone due to retire on June 1, 1980. It shows that the top six unit-linked plans actually did better for their policyholders than the best with-profits plan and that the benefit achieved on the M and G contract was some 17 per better than the two conventional plans from Equitable Life. In Table 2 the results of the top five single premium policies is just as dramatic.

On the face of it the case for unit linking seems proven but it is not nearly as simple as that. The unit-linked companies, for instance, were allowed to choose their best fund over the period and while these are not specified in the survey they are almost certain to have had a strong emphasis on equities. UK share prices rose strongly during the years in question and while conventional companies would also have been able to get the benefit of these market movements their investments are generally spread among equities, property and fixed interest. Somebody retiring at the bottom of the 1974 bear market, of course, would have been grateful for this spread.

A new survey on the results of single premium policies is due out from the magazine Planned Savings at the beginning of next month. This will cover the performance of unit-linked and traditional plans over 20, 10 and 5 years, though only one unit-linked company has run the full 20 years and only a handful have been going for 10. M and G's personal pension plan is apparently well ahead of the field over 10 years, and while most of the other unit-linked schemes have done better than the with-profits there are one or two salutary examples of the downside risk.

Although most of the unit-linked policies compare well with traditional plans over 5 years, it will be interesting to see the results from individual funds. Unlike Money Management magazines approach, Planned Savings has asked companies to provide figures for all the possible links.

The other way of forecasting performance is to look at the projections made by individual life companies. These, however, are mainly used as a marketing aid and are designed to show what the ultimate benefits will be given a certain set of assumptions.

More often than not these assumptions are only guesses and should not be taken seriously. Traditional companies, for example, tend to base their projections on bonus levels, since these have been raised *without interruption* since World War II. This method tends to understate ultimate performance.

Unit-linked companies, meanwhile, tend to base their projections on a standard annual growth rate of between 10 and 12 per cent. Given the tax freedom of pension funds, this is not necessarily an over-optimistic estimate in, say, a cash fund but it takes no account of the possible fluctuations in the value of an equity or even a fixed interest fund. Interest rates will certainly be less stable than bonus rates and the fact that one company happens to be projecting on the basis of, say 12 per cent growth per annum, while another is using £10 per cent, should not be a prime reason for taking out a quote with the first company.

Unit-linked schemes and their options

BY TERRY GARRETT

THE VIRTUES and vices of unit-linked pension schemes are a subject of perennial debate. There is on the one hand the widely held belief that a self-employed person may take more than enough risks throughout his business life without gambling with his pension. Inevitably thoughts are drawn back to those unfortunate enough to retire during 1974 and early 1975 when unit prices were very depressed.

The other argument is that unit-linked policies offer a good chance to maximise performance and should not be ignored. A recent survey carried out by Money Management (MM) magazine showed that unit-linked pension contracts have proved a better investment for the self-employed than conventional policies over the last five years.

The decision whether to go for unit-linked or not must be based on personal philosophy but, assuming sufficient premiums can be afforded, there is a very strong case for a spread taking in conventional with-profits schemes and unit-linked.

Towry Law suggest that contributions should be split roughly 50:50 between with-profits contracts and unit-linked. Noble Lowndes and Partners say that they usually advise investors that at least 35 to 40 per cent of contributions should be guided towards conventional schemes so as to ensure a sound base.

That said, the next problem is to decide which company to choose. No one can guarantee how management houses will perform in the future. The only guide is past performance and it really can be nothing more than an indication.

Money Management's survey provided some guide to investment performance. A cash fund secured for a man retiring aged 65 last June 1 who had paid in six annual premiums of £500 over the previous five years would have provided an annual pension of £4,830 from M and G. Second in the league table came Welfare Life with £4,499 and third was Lloyd's Life with £4,197. The runners-up took in Target Life (£4,150), Hambro Life (£4,138), Schroder Life (£3,958), Imperial Life (£3,875), Cannon (£3,860) and Property Growth Convertible (£3,766).

For comparison the best from conventional with-profits policies was Equitable Life with a pension of £4,119. So the benefit on M and G's contract was some 17 per cent better than Equitable's.

Interestingly, Equitable has just entered the unit-linked field for the self-employed with the launch of its Retirement Bond. Benefits are linked to the Pelican Unit Trust.

The results for single premium linked policies turned out even more impressive against conventional counterparts. For a man retiring last June who had paid in a lump sum of £500 five years before, Lloyd's Life would have given a pension of £1,237. Other figures included £1,198 from Schroder, £1,187 from M and G, £1,003 from Welfare and £985 from Cannon. But the best the conventional schemes could offer was £928 from Gresham Life.

Infancy

On the face of these results there is a strong case for unit-linked, and recent performance must give some indication as to the quality of the management house. But the MM survey cannot be regarded as definitive. Linked self-employed pension contracts are still relatively in their infancy and the survey could only produce five-year results for 13 funds. Moreover, the magazine asked for the performance of the best funds and so it is not that surprising that the unit-linked policies came out ahead of the conventional ones.

Probably the best course is to direct around half the contributions towards unit-linked and in turn divide that between two or three management houses. This is feasible now that the Government has increased contribution levels, though such a spread does mean that the overall amount put aside each year has to be pretty hefty.

Assuming that the field of management houses has been whittled down to a select few, the next decision comes when each presents its own range of funds. Most offer a variety of specialised investment vehicles—geared towards equities, gilts or property, for example—but many advisers suggest that contributions should be placed in managed funds. These provide a spread of investments throughout various media which the managers believe offer the best potential.

Unless the individual feels particularly good at picking investment winners and knowing the best time to switch out of one fund into another, the management fund is probably the best bet. Certainly they seem to be the most popular at present. Hambro, for example, is seeing around four-fifths of its new business going into its managed fund which stands at £260m. If there are fewer than five years to go to retirement a gilt or money fund is a more attractive alternative.

But even if the inclination is to stay with a managed fund the ability to switch is important if the investor is to maximise his return. Before any contracts are entered into the investor should check out his ability to switch between the various in-house funds and how much it is going to cost. It varies but it is usual for investors to be given one free switch a year, with a charge for any subsequent changes.

The difficulty from the investor's point of view is to pinpoint the right time to get out of one fund and into another. This becomes even more important in the run up to retirement. Nobody wants to find himself taking a pension when unit values are at a low point.

In an attempt to assure a good pension the usual suggestion is to try and time a switch out of a performance fund (whether equity or property based) when values are high and put the investment into a money fund. This protects the investor against a fall in market values but, by the same token, does mean he could lose if it proves that he switched too early. In addition if short-term interest rates decline after he has gone into the money fund it means that growth in the final period before retirement could be limited.

Reluctant

Advice on when to switch may not be easy to find. Some consultants are reluctant to tell clients when to switch. To a certain extent this is understandable, for they could be on a "hiding to nothing." If the consultant gets his timing right he is "just doing his job," but if he gets it wrong he is not going to get high recommendations.

Some do make an attempt, however. Noble Lowndes for one sends out regular investment newsletters. Having a parent merchant bank must be a help in that respect, but it is not a passport to getting it right. Some of the insurance companies also write to investors a few years before retirement suggesting it might be right to switch into a money fund.

Abbey Life has gone some of the way to helping the investor sleep more soundly. Under its plan Abbey guarantees the interest earned each year and the return of capital at pension age. The interest depends on market conditions and the investors age. Abbey has found the guarantee to be very popular, though there are a couple of drawbacks. The investor does not know what the interest rate will be next year and because of its structure Abbey has to invest heavily in gilts with little chance to make the most out of equities or property.

Sun Life Unit Assurance feels it is making unit-linked more attractive with its Personal Pension Plan. This enables the investor to switch between the unit-linked funds as usual but also allows for a switch into a with-profits contract. Switching into a with-profits contract a few years ahead of retirement enables the investor to protect himself against falling market values through maintained and rising bonus rates and gain benefit from rising prices.

One recent innovation from Vanbrugh has aroused a great deal of interest and sent other companies rushing to imitate. Last November it introduced the idea of a borrow back facility. The investor can now borrow back what he has paid into the scheme, though Vanbrugh has to have security other than the pension. It is proving very popular among younger people who are putting money aside, getting tax relief on the premiums and then borrowing the contributions back to get the use of the cash now rather than waiting until retirement.

Hambro is one of those companies that has followed broadly in Vanbrugh's footsteps. It has introduced a scheme designed for mortgage borrowing. The investor can borrow ten times the annual premium within the framework of a minimum loan of £25,000 and maximum of £150,000. The plan does not get under way until the beginning of February so Hambro has yet to see what sort of response it is to get. But judging by the new business that Vanbrugh has generated Hambro should be kept busy.

Another recent development is the new self-invested pension scheme organised by Albany Life. Basically the contract has been designed for partnerships and in particular where partners want to invest the pension fund in their own business premises, thus freeing capital for themselves. The minimum fund size set down by Albany is £20,000, though partners can start with a smaller amount in one of the other unit-linked funds and switch into the self-invested fund later. Albany has had the scheme on offer for around five months and though there has been a fair amount of interest the potential market must be fairly limited.

Strategic decisions with the help of experts

BY ERIC SHORT

WHEN THE self-employed decide to save up for their pension through a life company contract, they have several decisions to take and the whole exercise needs careful planning. They have to decide how much to put aside each year and then where to invest the money.

If they want, they can simply decide how much they can afford to put aside—or more likely how much they are prepared to put into a pension rather than spend on other things—and then take out a contract with the nearest or the first life company to contact them. Alternatively, they can take some trouble to arrange for a comprehensive plan that will suit their requirements and provide maximum tax efficiency.

In these planning exercises the self-employed will need the expert advice of their own accountant and insurance broker/life company inspector.

The first stage is to decide how much to save in a particular year. The advice of the accountant is essential in this respect. The self-employed need to use the concessions to the full and often this means not paying over too much as well as not paying too little. The contributions paid are eligible for tax relief at the investor's top rate. But paying over a certain amount could bring the part of the relief into a lower tax band. It needs to be decided whether it is worth while in tax terms to pay over the whole amount.

The changes in last year's Finance Act illustrate this point. This introduced carry-forward of reliefs for a six-year period. Some self-employed are being advised to make up the arrears in one lump sum this tax year by a single payment. Cases are being reported where part of that payment is not getting tax relief because it has gone over the permitted threshold.

The self-employed also have to consider other calls on their earnings, including money ploughed back into the business and money spent on the home in mortgage payments and improvements.

Next comes the decision as to how to pay the contributions between single and annual premiums. Many self-employed have highly variable earnings and thus need to be able to vary the premiums. This would indicate as preferable the payment of single premiums each year based on earnings. But many self-employed need the discipline of regular savings with the commitment to make regular payments. Without this discipline the advisers have to go through the task virtually afresh each year of persuading the self-employed to set something aside for pension and life cover provision.

Life companies have designed their contracts to allow flexibility of payment. The basic rule is to take out an annual premium contract for a premium level that the self-employed is confident he can maintain in future and top up with single premium contracts.

Next comes the decision as to how to invest the contributions and here the investor is faced with such a surfeit of choice that he is likely to get indigestion. There are around 80 life companies selling over 100 types of plan. This survey has endeavoured to describe conventional and linked plans, what they offer and the underlying investment strategy.

Effectively

The choice of life company and type of plan is very important. Life company pension schemes effectively build up a cash fund at retirement out of which the pension is bought. The better the investment performance the bigger the sum accumulated and the larger the ultimate pension.

But the self-employed also need to know that the sum being built up is secure. Some types of scheme offer a higher degree of security than others. With-profits plans offer higher security than linked contracts—indeed perhaps too much security, for which the self-employed has to pay.

A typical scheme that can be put forward by advisers is to have a bedrock of pension provided by an annual premium contract with a top with-profit life company. About one third to two fifths of the annual outlay would be invested in this manner. The rest of the contribution would be put into single premium plans—linked or conventional, depending on the investor's views.

A self-employed person does not have to stop work in order to start drawing the pension on the life policy. All he needs to do is reach his 60th birthday. He can start drawing his pension any time between 60 and 75. If he is going to retire gradually, then with a series of policies he can draw the pension in stages from successive policies.

So taking a series of policies with a number of life companies gives the self-employed considerable flexibility over the retirement period. Life companies are now preparing their pension contracts to cope with partial retirement within the one plan. But a series of policies spreads the investment risk.

Most self-employed just want to pay over their contributions and forget about the plan until retirement. Their energies are used up in their business and they will not or cannot spend a lot of time in financial planning. Taking out a with-profits contract gives the investor an above-average growth rate investment that is completely trouble-free.

But investors can get an easy investment in the linked sector by having their investment in a managed fund with a life company. The theory behind the managed fund principle is that the investment manager mixes the blend of equities, property and fixed interest to maximise the returns and minimise the falls in rhythm with market movements.

But with a managed fund, as with any linked business, the unit price can fall as well as rise and several advisers, if not investors, remember the market collapse of 1974.

The big advantage of linked business is the investor's ability to switch funds and this can be done as much for defensive as for attacking purposes. The investor can switch to UK or overseas equities to boost his return. He can also switch to the cash fund to consolidate his investment before retirement.

On average, linked investment offers a higher return than the with-profit schemes mainly because investments can be specialised and there are no guarantees to meet. A separate article in this survey considers performance in detail. But to get the best return from linked business the investor needs to be constantly reviewing his funds and switching when necessary.

A considerable amount of self-employed pensions business is sold by direct agents of life companies. Prudential has over 10 per cent of the market. The tendency of life companies is to have the marketing done by trained pension inspectors. The self-employed person dealing direct with a representative of a life company should remember that he will be offered only those plans marketed by the company.

But the self-employed need to understand the pensions field in order to appreciate the advice given to them. In this respect the Self-Employed Pensions Handbook published by Fundex is invaluable. This describes the various plans, tax concessions and other matters in a clear and comprehensive manner as well as listing all life companies and all schemes available.

Last year's edition proved so popular that it is completely sold out. This year's edition is due in late May and will incorporate not only 1980 Finance Act changes but any changes that may be made in this year's Budget. Interested persons should contact the Book Sales Department, Minster House, Arthur Street, London EC4R 9AX. The pre-publication price up to May 29 next is £11.50, thereafter £12.

PENSIONS FOR THE SELF-EMPLOYED 4

Managing a personal portfolio

BY ERIC SHORT

TO GET full tax concessions the self-employed have to save for their pension through a life company personal pension plan. If they build up their own funds in any other form they are penalised by the Inland Revenue. Yet despite this penalty many self-employed do not use life company schemes, preferring to operate their own portfolios or arrange their own savings through such media as building societies. There are two reasons for this action.

First, with a life scheme once the money is paid over it is locked away until the assured retires or dies while still at work.

To qualify for the tax concessions the pension policies have to be non-assignable and non-commutable before retirement. The policies cannot be surrendered: nor can they be used as collateral for a loan or mortgage. No matter how desperate the financial difficulties of the self-employed he cannot touch his pension assets.

Secondly, once the self-employed person has paid over his contributions he has little or no involvement in the investment of those contributions. The introduction of the switching facility on linked schemes does now give the investor some important investment involvement in the choice of funds. But the management of those funds is the function of the linked life company. In a with-profits scheme the investment is entirely in the hands of the life company.

These two features are regarded as severe disadvantages in saving through a life policy. The self-employed are willing to use less tax-efficient means of saving in order to retain control of and accessibility to their savings.

Until last year the life companies and the pension consultants did nothing to try to alleviate these difficulties. It was really not until Sir Geoffrey Howe, Chancellor of the Exchequer, in last year's Budget removed the ceiling on contributions that the back-room planners decided to do something about this situation. Now, with big premiums available, it becomes worthwhile to design special schemes. These are now beginning to come through.

The first breakthrough in managing one's own pension portfolio using one's own investment adviser came in a scheme from the pension consultant firm of Richards, Longstaff ahead of last year's Budget, which was closely followed by a scheme from the Leicester-based Pointon York.

The basis of each scheme is to operate through a life company in setting up a separate fund for each group of self-employed. There is no way round the legislation that states that an approved scheme must be with a life company.

Specified

Having set up a separate unitised fund, the life company appoints an investment manager after consulting the self-employed concerned. In other words the self-employed effectively pick their own investment adviser. The investment manager has a completely free hand in the investment of the fund, subject only to the investments begin within the range specified for linked life business. The life company handles the administration, calculating the unit prices.

The investments are held in the name of the life company and the latter is responsible for valuing those investments —including an independent valuation of the properties, if any, held by the fund.

Such schemes would not have been worthwhile while the maximum contribution was only £3,000 a year. It would have taken too long to build up a sizeable fund to justify the costs of separate administration. Now, with contributions of £10,000 plus not uncommon, sizeable funds can be built quickly.

Richards, Longstaff, in conjunction with Trident Life, envisaged its scheme being used primarily by stockbrokers, both for the partners and for their self-employed clients. There would be one fund for each group, with the stockbroker side doing its own equity and fixed interest investment and using the Trident property fund for any property investment.

The scheme from Pointon York envisaged partners investing directly in commercial property as well as equities and fixed interest and it has arranged separate mortgage facilities to enable the property to be bought. A central theme of its scheme was its use in passing property owned by the partnership. Often this is owned by the senior partners, who on retirement need to be bought by the junior partners. If the property is held in the pension scheme, then the pension contributions paid enable this transfer to be made automatically.

But these schemes do not allow the self-employed to withdraw money for business purposes or use it as finance in times of trouble. There is also the need for partners to agree on an investment strategy and this could lead to conflict between a partner nearing retirement and one still willing to pursue a more adventurous policy. A scheme from Berkeley Burke gets over this latter problem by arranging for one scheme per partner, each running his own fund.

But it was left to Vanburgh Life, the linked life company in Prudential Holdings, in conjunction with leading insurance brokers Noble Lowndes, to find an effective method of unlocking the pension fund assets.

Under this scheme the self-employed can borrow from Vanbrugh up to the value of the units in their pension contract. The equivalent number of units is transferred to a special fund whose asset is the loan from Vanbrugh. Interest on the loan is paid into this special fund. So effectively the loan is part of the assets of that particular person's pension scheme.

Since the pension policy cannot be used as collateral the security has to be in some other form of real assets, such as the investor's house or a securities portfolio.

The self-employed can let the interest roll up if desired and the loan does not have to be repaid until retirement. Vanburgh envisages that the loan will be repaid from the cash commutation, but it does not have a lien on this sum.

But the first scheme incorporating both self-investment management and the loan facility is being launched over this weekend by Sun Life Unit Assurance, a member of the Sun Life Group. This company appears to have combined the best features of all other plans, although it has planned the scheme independently. It is designed for one scheme per partnership, though there is the facility to subdivide this fund.

Individual partners have the option to take the value of their units and transfer to an ordinary linked or with-profits policy.

Sun Life is taking seriously its responsibility of appointing the investment manager of its funds. It will only accept a licensed dealer in securities to act as investment manager. The only self-employed allowed to operate the investment management by themselves are stockbrokers. Already Sun Life is finding accountants and estate agents interested in this scheme, which does allow direct property investment.

Paramount

It would appear that these schemes defeat the original object of granting self-employed pensions, in that the security of the pension must be paramount at all times. But the life companies concerned have fully negotiated with the Superannuation Funds Office (SFO) of the Inland Revenue. The SFO is fully aware of what is going on and has given its approval to these schemes. It must only be a matter of time before all linked schemes offer a loan facility.

Finally, many self-employed object to life company schemes because investment is made in major companies only through equity and property investment. Little money finds its way in investment in small businesses. To overcome this objection the National Federation of the Self-Employed and Small Businesses has arranged for its members a pension scheme with the City of Westminster Assurance which invests in gilts and commercial mortgages available for small companies.

Need to establish cover in case of illness

BY PAUL TAYLOR

ILLNESS IS always unwelcome but for the self-employed it can cause special problems. The ordinary employee is cushioned by the State and his employer against the full effects of prolonged illness or hospitalisation: the self-employed must look elsewhere for protection. Despite the particular needs of the self-employed, however, they are often at a disadvantage when seeking medical insurance. Tailor-made schemes for the self-employed are rare and information sparse.

The major provident associations cater for the individual but the thrust of their membership drives has been towards group and company cover.

Nevertheless, the self-employed, perhaps more than any other group, need medical attention and treatment at a time that will cause least inconvenience to their business. For this reason alone private medical insurance must remain high on the list of priorities for the self-employed.

The number of people covered by private health schemes increased by 26 per cent in the 12 months to September, 1980, and by the end of that month the three major schemes—British United Provident Association (BUPA), Private Patients Plan (PPP) and Western Provident Association (WPA)—had 1.55m subscribers covering a total insured "provident population" of 3.37m.

Medical insurance covering hospitalisation is almost the exclusive domain of the provident associations in the UK. The associations, which operate on a non-profiting-making basis, have substantially broadened the base of their subscribers since their inception.

Aside from the three major associations — which now account for 98 per cent of medical insurance in the UK—there are six small associations and two commercial insurance companies—Crusader Insurance and Allied Medical Assurance Services—in the field. The benefits offered by the associations are broadly similar. The major advantage—given the lengthy waiting lists for non-emergency operations on the National Health Service—is the opportunity to secure treatment at a convenient time with the minimum expense and paperwork.

Pressure on National Health Service resources has resulted in substantial delays in the treatment of some medical conditions. The alternative to a lengthy and perhaps painful wait has traditionally been private care. This can prove expensive, however. Examples given by PPP suggest that the typical cost of private treatment for a hernia operation ranges from £560 to £1,060, while a heart operation can cost from £3,500 to £5,000.

In the light of such costs and the need for flexible but early attention the private hospital schemes run by the associations appear to offer the only alternative. Indeed the cost of illness may be substantially higher for the self-employed than the PPP figures suggest because of loss of earnings.

The major schemes also offer cover during temporary stays abroad on holiday or business, a cash benefit if the patient receives treatment free of charge in an NHS hospital and a wide scale of charges dependent on the benefits required and the hospitals used.

Once accepted by an association cover is normally renewed automatically on a year-by-year basis no matter what the individual's age or health record. Once the annual premium is paid the hospital plans protect the individual against increases in hospital bed charges during the subscription year.

Static

Individual membership of the major provident associations has in fact remained relatively static compared to group membership. This is probably largely because of the substantial discounts given by the associations to specific groups.

For these reasons the major associations also offer discounts to trade and professional associations. It therefore makes sense for the self-employed to bank together when applying for medical insurance if this is possible. PPP, for example, offers a 10 per cent discount to members of the National Federation of Self-Employed with a further 5 per cent discount if payment is made by direct debit.

The major disadvantage of the hospital schemes available to the self-employed is that although treatment for a long illness is covered, convalescence and permanent disability are not. Thus a self-employed person who is unable to return to work after an illness or accident needs to seek further protection elsewhere. Permanent health insurance (PHI) is offered by a wide range of insurance companies. The aim of the cover is to provide a certain level of income even if the insured is unable to work for an extended period. It provides an alternative to a potentially lengthy drain on life savings.

PHI can provide an income right up to retirement but the level of benefit is clearly related to the cover sought and the premiums paid. The importance of PHI to the self-employed person is shown by that a man aged 25 stands a one-in-four chance of dying before age 65 but a one-in-three chance of being disabled for at least five months.

Unfortunately PHI premiums for the individual do not qualify for tax relief and once again it is cheaper to insure as a group rather than as an individual.

Normally benefits paid out are limited to a maximum of not more than 75 per cent of an individual's average earnings and payments are reduced proportionally if work is continued on a part-time basis—producing some form of income. For this reason it is pointless for the self-employed person to take out a large policy if some income would continue to be paid despite a disability.

As with life assurance, premiums depend on age, benefit scale, sex and occupation. Normally cover is world-wide within certain restrictions and several companies now offer a form of benefit inflation proofing. Norwich Union, for example, offers two possible extensions available for a higher premium. An automatic increase in benefit can be made available on every fourth anniversary of the policy of up to a 25 per cent increase in the original benefit.

The other extension provides an escalator agreement whereby benefits are increased by an agreed percentage usually 5 or 7 per cent per annum compound after the benefit has been paid for 12 consecutive months.

Even with medical and permanent health insurances the self-employed may still lack full financial security in case of illness. This is because in most of the existing PHI schemes there is a time lapse between cessation of income and the benefits paid. This gap normally ranges between four and 52 weeks depending on the premium paid and the insurance policy chosen.

For the self-employed this period without any income could prove difficult. In these circumstances there is little option but to draw on savings or take out a short-term sickness policy. Once again, however, most short-term sickness plans are designed for company or group membership and the self-employed individual may find difficulty discovering a suitable scheme at a reasonable cost.

One major anomaly in the treatment of the self-employed against the employee could be rectified, however, through changes in the tax system. At present any one covered by permanent health insurance on an individual basis will find benefits untaxed only for the first full fiscal year. Thereafter benefit income is taxed on the basis of unearned income while PHI arranged on a group basis is taxed on an earned income basis throughout.

PROPERTY

Look for the golden lining

BY JUNE FIELD

I BOUGHT my first gold bar on Wednesday last week. Only a miniscule one, 10 grammes, 24 carats, about ½ inch by an inch long. It cost me £112.70 (£98 plus VAT). If I had bought it the day before it would have cost me a total of £103.50. Buying gold is a gamble in a fluctuating market.

The reason for my shopping spree? Well, there weren't any samples for the just launched 50th anniversary "golden giveaway" promotion of a building company who sold their first home in Surrey in 1931 for £350; and it seemed a good idea to find out exactly what purchasers of a new Crouch Homes dwelling will get as a moving-in present all this year.

Part of the £15m Crouch Group, the company has over 1,000 new houses spread over Hampshire, Sussex, Surrey, Devon, Cornwall and Herefordshire, in the pipeline, developing them at the rate of around 450 a year. Will the offer of gold bring a rush to buy?

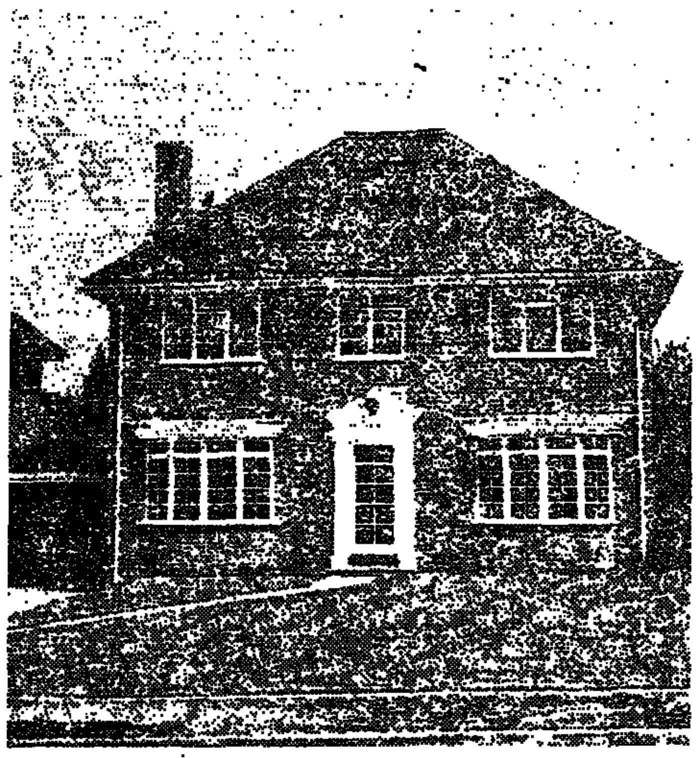
The scheme is that when someone has bought a house costing up to £30,000, the company will deliver one of the mini gold bars to the purchaser, with an extra one for every £10,000 (or part), on the purchase price thereafter. A house at £45,000 therefore, qualifies for three gold bars.

And as an incentive to rapid completion, taking the average exchange period at 15 weeks, there will be an additional two bits of gold for every week saved on exchange of contracts within that period. So on an exchange in eight weeks, there are 14 extra ingots. (The dealers refer to the wafer-thin pieces as bars, Crouch's consider the term ingots sounds more impressive.)

"It's not the cheapest way of buying gold," admits Johnson Matthey Bankers, bullion dealers in London's Lloyds Avenue from whom Crouch will be buying their gold. "The little bars are not like a Krugerrand, which you can take into any bank and sell." Although they would buy them back, of course, at whatever the market price is at the time, less VAT. (Currently gold has been fluctuating either side of 600 dollars, or about £247 an ounce.)

"It is a sporting gamble, depending on whether gold goes up or down," declares Mr. Tony Longman, Crouch Homes' marketing director, who realises that the idea will inevitably appeal mostly to cash purchasers. For those who prefer (or need), to take the money, £100 an ingot will be knocked off the completion price, or you can have a cheque for the discount instead, which at the rate of 20 ingots, would be £2,000. Precious metal investors incidentally, should store their treasure in a bank, not at home.

For a leaflet on how to get your gold contact Mr. Longman, Crouch Homes, Sutherland House, Surbiton Crescent, Kingston-upon-Thames, Surrey (01-546 2131).

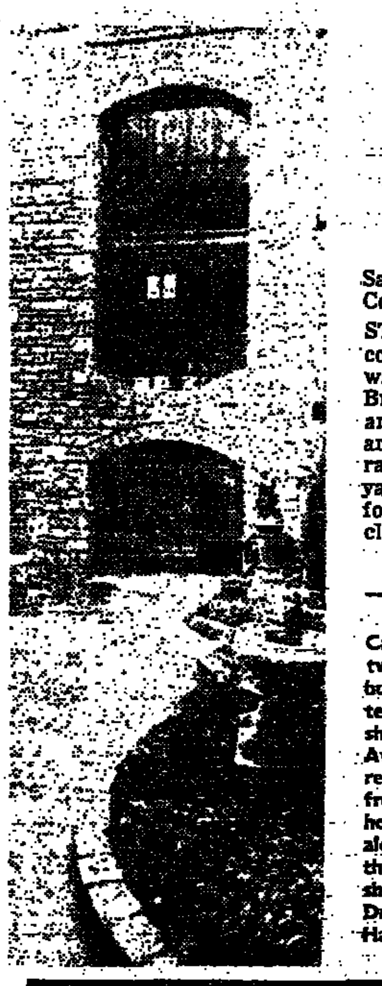


Four gold bars is the 50th anniversary moving-in present from Crouch Homes for purchasers of this around £60,000 Henley-type 4-bedroom house being built at Southborough, Kent, and Cobham, Surrey. And an early exchange of contracts earns extra ingots or a cash discount. Details Tony Longman, Crouch Homes, Sutherland House, Surbiton Crescent, Kingston-upon-Thames, Surrey (01-546 2131)

Bath special

". . . it must provide for all the requirements and aspirations of contemporary life (and) . . . as an old city, it has something special to offer all those who regard it as their home."
Saving Bath—A Programme for Conservation.

STEP THROUGH the sturdy coursed-rubble frontage of what was the 18th century Pinchin's Brewery between Grove Street and the river in Bath, and you are in an astonishing Mediterranean-style flag-stone courtyard, complete with splashing fountain, exotic foliage and classical statuary.



Caxton Court, Bath, in which 21 two-bedroom apartments have been built by Bridafield round a Mediterranean-style courtyard in the shell of an old brewery by the River Avon. Prices from £35,000 for the remaining four apartments, and from £50,000 each for the six town houses which have been built alongside. Viewing every day through John Williamson at the show-flat on site, or brochure from Dunstan Harrison, Bridafield, Hampton Hall, Warminster Road, Bathampton, Bath (0225 60006)

This particularly imaginative project combines conservation, restoration and renewal. It has been undertaken by a local company, Bridafield, and architects Gerrard Taylor and Hind, and encompasses 21 compact two-bedroom apartments, six riverside town houses, plus an office block being built as a facsimile of the original 18th century John Eveleigh houses.

It has taken two public inquiries and much amendment to the original application submitted to the Bath City Council in 1973 to bring the existing scheme to near fruition. "The general appearance at that time presented a run-down and decaying appearance, but certain buildings and features possessed a charm and character that obviously needed preserving," says Mr. Dunstan Harrison, Bridafield chairman.

"The Brewery block, with two-three floors within a stout stone wall, had been subject to many alterations including the roofing-over of open spaces, and the addition of a number of wings on the river side.

"Some experts considered it should be demolished; others insisted that new openings in the structural walls should be kept to a minimum. All agreed that considerable re-building was required. The riverside wall was in a poor state, but nevertheless considered worthy of preservation."

Only four of the apartments in what is now called Caxton Court, are left for sale at prices from £35,000, and the houses are just being released from £50,000 to £75,000.

With little or no development land left in the centre of the city, and consent to demolish any buildings listed of architectural and historic interest (Bath has over 5,000), extremely unlikely, more and more builders are turning to conversion and restoration.

"In view of rapidly rising conversion costs, now is a good time to buy" insists Mr. John Cowley of Crisp Cowley, Ralph Allen's Town House and York Street Chambers, Bath, who contends that when the current glut of available property, particularly converted Georgian flats, have been sold, there will probably be a scarcity.

Barratt's, who last year converted around 60 apartments in Bath's Great Pulteney Street at a cost of some £¼m, have sold over £3m worth of units, which takes in their other projects in Lansdown Crescent. Currently they only have a couple of apartments from £55,000 left for sale, but their investment company is always on the look out for other properties in top locations.

John Wood the elder (1704-1754), was responsible for Queen Square, where the west pavilion is now being converted by Intagroup into 9 luxury apartments at prices from £67,000 including kitchen equipment, curtains, wool carpets, TV entry-phone etc.

Property details: Show flat at Caxton Court, Grove Street, open 7 days a week, brochure from Mr. John Williamson telephone 0225 64540 on site, or Mr. Dunstan Harrison, Bridafield, Hampton Hall, Warmington Road, Bathampton, Bath: Apartments at Queen's Square viewed by appointment only with Miss Kim Portsmouth, Intagroup, 14 Belmont, Bath (0225 26109); Barratt's show-apartments, 20 Landsown Crescent, Bath, open 11-6 pm Thursdays to Mondays inclusive (0225 333776).

What to read: Saving Bath, £4 including postage from Mr. L. T. Sparkes, Director of Environmental Services, Abbey Chambers, Bath. For anyone buying old property Walter Ison's *The Georgian Buildings of Bath* £15 in a revised edition from the local Kingsmead Press, is indispensable, as is Diana Winsor's new book *The Dream of Bath* which brings the old city up-to-date (£7.95 including postage from Mr. J. Dawson, Trade and Travel Publications, Parsonage Lane, Bath).

MOTORING

The ageless Range Rover. Unsurpassed after more than 10 years, but it has become a heavy drinker

Home on the Range Rover

BY STUART MARSHALL

THIS YEAR, the weather let me down. Heavy snow often comes to my part of Kent in early January, so I make a habit of having a four-wheel drive vehicle on test around the turn of the year and very handy they have been.

But Christmas and New Year came and went without even a scattering of sleet for the Range Rover to roll its big, knobbly tyres over. It had to be used as a car substitute which is, in any case, what lots of people buy them for. Many spend their lives on hard roads, driven by owners who have not the slightest appreciation—or need—of their formidable cross-country capabilities.

The Range Rover makes any normal car feel both stunted and flimsy. It rides with a massive solidity and fair comfort on soft, though non-independent, coil springs. On bends, it rolls with the extravagance of a mid-1970s Renault though its cornering powers are astonishingly high, as I dicovered during an entertaining and well-remembered hour spent lapping Silverstone some years ago.

The seats are firmly comfortable, well shaped if rather upright and cloth trimmed. Safety belts are built into them. They fit any sized driver perfectly and, of course, are unaffected by seat adjustment. On the rear bench there is ample room for three—even four in an emergency—and the load floor is a generous 5 ft 3 ins (maximum) wide by 3 ft 6 ins with the seat up, extending to 4 ft 10 ins with the seat folded.

The tailgate splits horizontally. It is not as convenient as a one-piece liftback, but the bottom half makes a fine grandstand at point-to-points and you could carry a ladder inside with the window left open.

Over the huge bonnet the view is commanding. The Range Rover driver peers over hedgerows, as he might on horseback. Speedometer, fuel and radiator temperature gauges are in full view through the steering wheel but three other gauges and a piddling little clock at opposite ends of the fascia are so difficult to see as to be useless. All the minor controls are worked by a pair of convenient lever switches on either side of the steering column.

Four knobs sprout from the floor — main gearbox, high-low change lever, centre differential lock and overdrive, the last an optional extra. The overdrive lever falls more naturally to hand than the main gearshift. Trying to squeeze as many miles to the gallon as possible, I used it constantly, dropping down into direct top on hills before changing into third. Double-declutching speeded-up and smoothed the change in and out of overdrive. In town, the 3½ litre V8's ample low-speed torque allowed direct top and third to be used most of the time: second did nicely for starting. In view of the extensive use I made of overdrive, I was surprised to average no more than 15.5 mpg over 450 miles. It must have been the number of cold starts and the 70 mph motorway cruising because I have had exactly 20 mpg out of a very gently driven, non-overdrive Range Rover.

The main snags — high fuel consumption apart—of using a Range Rover as a car are connected with its intended on-off road role and multiplicity of gear trains. (There are three gearboxes, including the overdrive, and two crown wheels and pinions. It is unavoidably noisy, though I thought the friend of mine who said that at 70 mph it sounded like a busy machine shop was being a bit unkind.)

The Range Rover is significantly quieter at 50-55 mph than at 70 mph but doesn't get much noisier at 80-85 mph than it is at the legal limit, though the fuel consumption would hardly bear thinking about. Acceleration (0-60 in 15 seconds) is good for so hefty a machine.

The 3.5-litre V8 has already been "dieselised" — I understand most successfully — but BL is not yet ready to produce it or even talk about it officially. It would give a Range Rover a potential 23-25 mpg consumption. A two-wheel-drive version, with the 2.6-litre petrol engine from the Rover 2600 saloon and a five-speed gearbox, would be fine for general highway use. A limited-slip or even lockable differential would give it reasonable off-road performance.

Nowadays the Range Rover has quite a few rivals, but still, I believe, no equal. There are the Lada Niva (£4,570), Jeep Cherokee (from about £9,500) and even the Land-Rover V8 estate (£8,600) wich make the Range Rover look very expensive at £12,988. But list prices should not be taken too seriously. A new, unregistered Range Rover has been sitting on the forecourt of a local garage for weeks with a £10,500 sticker on the windscreen.

LEISURE

End of the stone age?

GARDENING

ARTHUR HELLYER

LAST YEAR gardeners everywhere were celebrating the centenary of the birth of Reginald Farrer who was, without any question, the most gifted writer about rock plants the world has ever seen. It is not just that his books are still immensely readable, or that he had a gift for description which, in fancy and felicity of phrase, far exceeded that of any other garden writer but also that he really knew what he was writing about. His purple passages were not prepared just to delight the ear and inflame the imagination but also to instruct in the wise selection and proper cultivation of plants, many of which were virtually unknown until he wrote about them.

His greatest book was the two-volume "English Rock Garden," an extensive encyclopaedia of plants in which there is never a stuffy phrase nor an unintelligible piece of botanical gobbledygook. And yet it contains one section which I wish he had never written and which he, too, would probably have regretted had he lived to normal old age. In fact he died in 1920 on the Burma-China frontier in search of new plants, but his influence lives on powerfully to the present day.

Reginald Farrer was born, lived and gardened at Ingleborough in Lancashire where the Pennines stretch across to link up with the Cumbrian Mountains. For miles around lie the Craven Highlands covered in places wth the most beautifully weather-worn limestone to be found anywhere in the world. For the construction of a rock garden Farrer esteemed it above all other rock. Just listen to his own words: "All granite, flint, slate, porphyry, syenite or calliard is only to be used as a resource of despair. . . . Sandstone, if not too friable, is good but bald. . . . Whinstone and millstone have the porosity of typical sandstone with the same fault of obstinate brutality of line. . . . Each block keeps a cold and barbarous isolation of its own no matter how copiously clothed with plants. . . . For the triumphal achievement . . . the rock gardener will always and only work with limestone. All limestone, except the most friable and crumbling . . . is unparalleled in value for rock work. By far the best of its form, though, is the wonderful weather-worn rock of the Craven Highlands . . . which has so singular a beauty alike of colour and outline that a rock garden so built is well furnished in itself already, though never a plant has yet been inserted."

It would be unfair to accuse Farrer of creating the idea of using surface quarried limestone for rock gardens but there cannot be the slightest doubt that he vastly increased the demand for it and it is a demand that has continued for 80 years despite all attempts to stop it. For a long time everyone who was anyone in the gardening world, from the great landowners and the directors of public parks to up and coming suburban gardeners, wanted rock gardens made of the best naturally water and weather worn limestone—what geologists call limestone pavement.

This is perhaps not the happiest of phrases to ward off the assault on limestone since, in the minds of those who know nothing of geology, it may conjure up visions of a kind of natural surface material of no great value that can be ripped from the few hillsides where it exists without any irreparable harm to the environment.

Nothing could be further from the truth yet the brutal depredation has continued, aided, as machinery improved, by powerful bulldozers which could tear out all the useful rock almost before anyone realised what was happening or any effective order could be issued to stop it. In the early years "conservation" was an almost unknown word and when, at last, in the 1950s, conservation lobbies of one kind and another did become powers to be reckoned with, the limestone pavements of the Craven Highlands, parts of Cumbria and a few places in North Wales were not one of the high priorities for publicity.

There were honourable exceptions, among them the Eden Field Club based at Murton, Appleby, Cumbria, which, from the moment of its foundation in 1952, took particular note of the limestone pavements of the Orton-Ashby area, quickly recognising that these constituted a priceless natural heritage which was severely threatened by the landscape gardening trade. Since then the chorus of protest has grown ever louder and it has not been without effect.

It has long been realised that the removal of surface stone constitutes "development" in the legal sense and so requires planning permission from the appropriate authority: There has never been any obstruction from such quarters and everyone with official power to help has, in fact, been helpful. And yet the destruction continues. I will not say unabated for that would be too bleak a word, but certainly to an unacceptable degree.

I believe that the only thing that could be acceptable now would be a complete banning of this trade.

Since I last wrote about this matter a couple of years ago some further progress has been made and there is a section relating to limestone pavement in the forthcoming Countryside Act. Yet even when this has the approval of Parliament it may not be enough. A letter, just arrived from the Eden Field Club, points out that agricultural improvement will be exempt and that this could leave a loophole to be exploited for a trade which becomes ever more profitable as the commodity becomes scarcer and its price higher.

The letter concludes that the only way to stamp out the abuse is to educate gardeners to overturn those laudatory phrases of Reginald Farrer written 70 years ago and make everyone realise that to use naturally weather and water worn limestone to make rock gardens is to commit a crime against one's countryside.

The little Eden Field Club would like to see its message taken up by all th emedia, the Press, radio and television as well as by schools and other educational establishments, perhaps with the aid of a short film showing what limestone "pavement" is and why the small amount that remains must be conserved. It is beautiful, it is unique, it has taken maybe half a million years to form since the Ice Age and it supports a flora of its own which will disappear with it.

It is a very common thing to see rock gardens made of Westmoreland limestone winning the highest awards at flower shows, including those as prestigious as Chelsea and Southport. Is it not time to make an amendment to the rules forbidding the use of this stone and automatically disqualifying any exhibit in which it is used?

Who's who for tennis

BY JOHN BARRETT

WITH THE victory of Tracy Austin in the final of the Colgate Women's Series Championship last Monday—a workmanlike but dull 6—2, 6—2 win against 15-year-old Andrea Jaeger—the 1980 women's season came to an end and brought us to the moment when we should consider the world rankings.

Deservedly, Chris Evert Lloyd returns to the number one position from which she had been dislodged last year by Martina Navratilova. After a remarkable resurgence that brought her eight tournament victories, including a fifth U.S. Open from six consecutive appearance in the final (a record), a fourth French title, and a fifth success in the U.S. Clay Court Championships, it was tragic that Mrs. Lloyd's bout of influenza prevented her expected confrontation with Miss Austin in the final of the Colgate event—a title she had set her heart on winning for the third time. Mrs. Lloyd's only important failure was in the Wimbledon final, where the magic of Australia's Evonne Cawley robbed her of the chance to add a third title to the ones she won in 1974 and 1976.

Although in their personal meetings Tracy Austin led Mrs. Lloyd 3—1, two of these wins were in January, during the Colgate championships which ended the 1979 season. In their other meetings, Miss Austin won 6—2, 6—1 in the Cincinnati final, and Mrs. Lloyd prevailed 4—6, 6—1, 6—1 in the semi-final of the U.S. Open to reverse the result of the 1979 final.

Miss Austin's year had begun well, with success on the Avon tour—a championship she won in the absence of Mrs. Lloyd, who was rebuilding her game and her confidence, after a slump in 1979. The young Californian, who celebrated her eighteenth birthday last December, won six other tournaments, but failed at the semi-final stage at Wimbledon against Mrs. Cawley.

Miss Navratilova's drop to number three is something of a tragedy for this gifted left-hander, who had ended the 1979 season with a crushing victory over Miss Austin in the Colgate Finals.

Her defeat by Miss Austin in the Avon Championships two months later signalled a loss of confidence that plagued her at vital moments throughout the year—crucially in Wimbledon's semi-final, where Mrs. Lloyd revenged herself for two defeats in the 1978 and 1979 finals, and in the U.S. Open where the young Czech Hana Mandlikova, after several near misses, at last produced a win worthy of her immense talent.

Having won four minor tournaments by the end of July, Miss Navratilova could reach only one more final in 1980 (the Daihatsu Challenge at Brighton, where Mrs. Lloyd narrowly beat her) and could not prevent Miss Mandlikova from taking her first major title in Australia at the year's end.

Mrs. Cawley was a problem. She played only a limited season, and has now retired to await the arival of her second child, but one cannot ignore her glorious high summer of achievement at Wimbledon. Her second title there, nine years after her first, equals the feat of America's Big Bill Tilden, who won in 1920, 1921 and 1930.

For Miss Mandlikova, the Australian title crowned a year of spectacular advance, which included a win over Mrs. Lloyd in Atlanta, and two victories over Miss Navratilova as well as success in the Colgate Points Race, where six tournament wins, four final round appearances, and four semi-final finishes brought her the first prize of $115,000.

Miss Jaeger's advance, if less spectacular, has been equally remarkable for one so young. During the year which took her to four tournament finals, two of which she won, she earned her first victories over Austin, Navratilova, Mandlikova, and Wendy Turnbull, though she lost all four meetings with Mrs. Lloyd. Her most outstanding success was to reach the semi-final of the U.S. Open on a fast surface which will not really suit her base line game until, like Miss Austin, she develops greatre physical strength.

The last four places go to Miss Turnbull, who won two titles, reached five other finals, and advanced to the quarter finals at Wimbledon and in Paris; Virginia Ruzici, who also won twice and reached four finals, one of which was the French championships; Dianne Fromboltz, who was a French semi-finalist; and Pam Shriver, who ended the year well in Australia, after reaching the quarter finals of the U.S. Open.

The women's game is at a fascinating stage of evolution. The established names, including Billie Jean King, Virginia Wade, and Rosie Casals, are on the wane, and at last we have young players of real talent pushing through to the top. I expect to see Miss Mandlikova (the most talented striker of a ball since Maria Bueno) and Miss Jaeger threaten Miss Austin as the logical successor to Mrs. Lloyd. Poor Miss Navratilova will struggle to keep her place near the top.

The announcement of an award for the winner of the "Super Series" which will include the four traditional Grand Slam events (France, Wimbledon, U.S. Open, and Australian Open), plus the Avon Championships, the WTA Championships, and the Series Championships, is a sensible attempt to persuade the leading players to support the game's top events.

It seems likely that Colgate will end their five-year association with the game that began with sponsorship of the Federation Cup back in 1976. Favourites to succeed them are the Japanese car giant, Toyota. Thanks to the undiminished eagerness of commercial organisations to become associated with the women's game, the prize money on the 1981 women's tour will exceed $7m. The tennis players are now the best rewarded in women's professional sport. Miss Navratilova's 1980 earnings of almost $600,000 is over twice the amount won by the leading woman golfer. Miss Austin, with earnings of over $½m and Mrs. Lloyd with a total purse of $300,000 are among fifteen women who earned more than $100,000 last year, while only ten women golfers reached that figure.

1980 WOMEN'S WORLD RANKINGS

1 Chris Evert Lloyd (U.S.)
2 Tracey Austin (U.S.)
3 Martina Navratilova (U.S.)
4 Evonne Cawley (Australia)
5 Hana Mandlikova (Czechoslovakia)
6 Andrea Jaeger (U.S.)
7 Wendy Turnbull (Australia)
8 Virginia Ruzici (Romania)
9 Dianne Fromholtz (Australia)
10 Pam Shriver (U.S.)

A true old master

GOLF

BEN WRIGHT

ONE OF THE prospects that make the currently miserable winter tolerable is that the Open Championship returns to Royal St. George's, Sandwich, Kent, in July for the first time since Bobby Locke won the championship in 1949, for the first of four times. Locke became an early hero to me chiefly because he was so different from his rivals.

Despite his visible pot belly he strode the fairways with a distinct majesty in his plus fours and the ever present white cap, which he tipped at frequent intervals to acknowledge bursts of applause greeting the marvellous strokes he fashioned with a swing that was as different as his appearance. The burly South African was referred to as "the benign Bishop," amongst other clerical descriptions. I seldom saw him play without a tie neatly knotted at the neck of a formal, long-sleeved white shirt. To me Locke's measured stride and his invariably serene manner were best summed up in the words of a Joyce Grenfell song: "As stately as a battleship . . ."

From all accounts there has never been another truly great golfer—the terms of reference being a winner of more than one major championship—who has played every stroke with what any other player, even a mere hacker would regard as a chronic hook. As an aspiring investigative reporter trying to scoop the world in the mid-1950s I uncovered a plot by the portly South African, which Locke did not deny, to have a young greenkeeper cut down—at dead of night on the eve of the tournament—three saplings planted close to the right hand front edge of a tee on a notable Yorkshire course which palpably threatened to interefere with the banana-shaped curve of his drive, and cause it to finish in the left rough.

In the twilight of Locke's career, after a serious eye injury suffered in a level crossing car smash in South Africa in 1959, he appeared to be aiming so far to the right of his target, even with a short iron that one could easily, mistakenly, imagine he was playing to the wrong green. But on the last occasion I was privileged to partner the great man in a pro-am at the old Moor Allerton course in Leeds his putting ability was still such that on all 18 greens he struck some part of the hole with his first putt. Only four went in, however.

On his first American tour in 1947 Locke was visibly furious with himself in the locker room at the Charles River Club in Massachusetts after a round in the Goodall Round Robin Invitational tournament, which he would win—his third sensational victory in five starts. He had been short of the hole with one approach putt. When asked why he was so mad about such a minor slip Locke answered: "It was an unforgivable blunder. I am never short on a putt, never." This was not conceit—just a statement of fact — on which Locke's whole game was based. The South African is still widely recognised as the best putter the world has ever seen.

His first season in America was the most successful by an overseas invader since Harry Vardon's (when the professionals in the U.S. were still mostly expatriate Scotsmen) nor has it been matched since. Locke was only 15th in his first tournament, the Masters, because the greens were still literally foreign to him. But he quickly won the Houston Invitational, was third in the Colonial, and then won both the Philadelphia Inquirer and Goodall Round Robin Invitationals. A sixth place finish in the National Capital Invitational sent him to St. Louis Country Club as one of the shock favourites for the U.S. Open. Locke finished fourth, three strokes behind Lew Worsham, who beat Sam Snead in a play-off.

The South African went on to win the All-American Open and its enormous first prize—for the time—of $7,000, the Canadian and Columbus Opens, was second in the Western Open, seventh at Denver, was also second, beaten by Ben Hogan by three shots in the World Championship, and finally lost a play-off to "Dutch" Harrison in the Reading Open. Despite missing 11 events played before the Masters, and many more late in the season the South African finished second in the money winning list to Jimmy Demaret—winning $24,327 to the jovial Texan's $27,936. Locke's only failure was to survive the first round of the USPGA Championship, then decided by match-play. A birdie at the final hole by Henry Ransom thwarted him.

Locke had taken America by storm. On arrival at the invitation of Sam Snead, who had just toured South Africa as the (British) Open champion to play Locke in 16 exhibition matches, of which the legendary American had won but two, halved two and lost 12, Bobby was known as "the man from the jungle." Not any more.

Needless to say, Locke's languid brilliance did nothing to endear him to some of the more jealous natives. The South African was fourth on the American money list in 1948, 21st in early 1949. But when Locke was pressed by his sponsors to remain in Britain for a few weeks after winning the 1949 Open, and he withdrew from two American tournaments he had previously committed to play in, the jealous ones pounced with the alacrity of a flock of starving vultures. Without even a hearing the USPGA banned Locke from all their tournaments for life.

That ridiculous ban was lifted early in 1950. But instead of returning to the United States on the first plane, as the Americans expected, Locke instead flew to Britain, retained his Open title, and enjoyed his best ever season there. After Locke's Open triumph at Troon he was lured back to America by promoter George S. May for his All-American extravaganza. Locke achieved the perfect revenge, beating one of the natives he disliked most, Lloyd Mangrum—the feeling was mutual—in a play-off, returned to Britain to a conqueror's welcome, and afterwards his sorties to America grew fewer and further between. America's loss was Britain's gain, but I doubt whether our leading professionals at the time would have shared my viewpoint.

Battles in the bailiwicks

STAMPS

JAMES MACKAY

WRITING recently about Christmas stamps, I said that Guernsey had never issued any in the past. In fact, Guernsey has had stamps for that purpose intermittently since 1970 and it was neighbouring Jersey which has yet to produce stamps for seasonal greetings.

As befits the importance of such an issue, Jersey held a design competition last year, the theme being "Christmas in your community." Entries flooded in from all over the world but the winning artist was a local man, Alan Copp, whose three designs cater to sacred and secular tastes by depicting the Christmas tree in the Royal Square (7p), a stained glass window from St. Helier parish church (10p) and the Christmas meet of the Jersey drag-hounds (15p). These stamps will be released on October 6 and it is hoped to make an annual issue thereafter.

By way of mitigation I can only plead that, never having visited the Channel Islands before, the confusion of the two bailiwicks was perhaps understandable. I have now partially rectified this omission, having visited Jersey for the celebrations on January 6 to mark the bicentenary of the Battle of Jersey.

Coming at the tail end of the American War of Independence, this battle was the high point of a short-lived invasion of the island by the French under the Baron de Rullecourt. At first the French had the element of surprise on their side and captured the lieutenant-governor, Moses Corbet, who issued an order to the British troops to surrender.

This was ignored by Major Francis Peirson, the 24-year-old garrison commander, and in the ensuing battle fought in Royal Square the French were routed. Both Peirson and Baron de Rullecourt were killed in this action. The death of Major Peirson was captured on canvas by John S. Copley, R.A., then residing in Jersey and this spirited scene is now in the Tate Gallery.

The Jersey postal administration reproduced Copley's painting on a set of four stamps and an accompanying miniature sheet. When I visited the Jersey Philatelic Bureau a second French invasion was in progress—a large band of stamp dealers intent on securing vast stocks of an issue with a very strong appeal to collectors in France.

Since the series also caters to collectors of such subjects as Americana, militaria and paintings on stamps it is hardly surprising that the postal administration were overwhelmed by the response. This is only the second occasion, since Jersey became postally independent in 1969, that a miniature sheet has been issued, and the demand for this item was understandably keen.

Guernsey and Jersey pursue relatively moderate policies regarding new issues and certainly compare very favourably with the UK both in the frequency of issues and their face value, mainly due to the much lower postal rates prevailing in both bailiwicks. This means that the collector of modest means can easily afford to keep abreast of the latest issues, on a simplified basis of perhaps a set of mint singles and First Day covers.

The more committed collector, however, will have to dig deeper into his pocket. Jersey, for example, has recently begun issuing commemoratives in sheets of 20 subjects—just small enough to be accommodated easily on the average album page. Collecting entire sheets does away with the traditional problem about getting the marginal paper with cylinder numbers, colour dabs and other selvedge markings.

Of course, one might suspect that the Jersey Post Office was guilty of exploiting collectors and boosting its philatelic revenue, but the fact that sales of sheets have jumped 150 per cent in 1980 alone indicates the willingness of the more serious collectors to go along with this.

Jersey and Guernsey have a policy of changing their definitives every five years. Guernsey's present series, depicting historic coinage, appeared in 1979 and thus has a further three years to run. The Guernsey Postal Board has decided to introduce a £5 stamp, long overdue, to prepay the postage on overseas parcels, and this is to appear in May.

It was agreed, however, that the design would not continue the theme of coins, the hope being that it will remain in circulation as the top value when a new definitive set becomes due in 1984.

Jersey's 1976 series depicted scenery and heraldry associated with the island's parishes, with flags and national emblems on the higher denominations. A £2 stamp was added in 1977 and depicted a photograph of the Queen by Alex Wilson.

During 1981 a new series will be issued, the low values (½p-10p) on February 24 and the medium values (11p-20p) later in the year.

The stamps, designed by Gordon Drummond, continue the heraldic theme of the obsolescent series, but will now show the arms of some of Jersey's oldest families. The stamps, printed in multicolour by the House of Questa, are in a small format reminiscent of the contemporary French armorial low values. As the sheets contain only 50 subjects it seems likely that the fashion for collecting them complete will continue.

Absorbing contest

RACING

DOMINIC WIGAN

DESPITE the strong claims of Snowtown Boy in this afternoon's renamed and re-sited Lambert and Butler Premier Chase Final I believe that backers are best advised to rely on the greater experience of Ireland's Royal Bond

Tommy Carberry's mount which only qualified by a matter of days as a result of having won his first chase just after the deadline which barred candidates successful over fences before December 1, 1979, has improved tremendously since the autumn.

The none-too-impressive winner of this race's qualifier here at the end of October, when he was left to come home alone after Jim Dandy had fallen at the last, Royal Bond has since put up considerably sharper performances in Ireland. The 8 year old who quickened to master Kylogue Lady to beat that mare by three lengths in the Benson and Hedges Handicap Chase at Fairyhouse in early December had over 15 lengths to spare when they subsequently met at Leopardstown.

Although today's return to 2½ miles will not favour Royal Bond the Arthur Moore trained chaser will be admirably suited by the testing conditions which may well blunt Snowtown Boy's principal weapon—his fine turn of finishing speed.

Snowtown Boy, bidding to follow in the footsteps of Credibility, Floating Pound and The Dealer, who won this race at two year intervals for Fred Winter, has notched a quick hat trick, but against far less formidable opponents than some of those accounted for by the selection. However, it can be argued that he would have finished ahead of Royal Bond had he not slipped on take-off at the eighth in the qualifier here and that he may be making the greater improvement.

In what is sure to be an absorbing contest I expect to see Royal Bond and Snowtown Boy coming away from Royal Dipper and Light the Wad who should go past in close company judged on their running in the Punchestown qualifier.

ASCOT

1.00—Tru Mar
1.35—So Gently
2.10—Royal Bond***
2.40—Knockakeo
3.15—Kybo**
3.45—Loan Charge

MARKET RASEN

12.45—Coxmoore Sweaters*
1.15—Mirthful
1.45—Major Thompson
2.15—Happy Worker
2.45—Kenils
3.15—Jonathan Seagull

TAKING YOUR CAR ON HOLIDAY

FINANCIAL TIMES REPORT

John Griffiths reviews the prospects for successful motoring holidays in 1981

Odds mounting in the traveller's favour

A RECENT statement by one of the cross-Channel ferry chiefs that last year (and, it might be said, for the first time) the strip of water separating England from its EEC partners "ran red with the blood of competition" was unlikely to have seen too many motorists reaching for their handkerchiefs.

Deciding to abandon the long-standing joint pooling arrangements which allowed them to charge common prices may not have done much for the profits of the two main operators, British Rail-owned Sealink and European Ferries (Townsend Thoresen). But the result is that providing the holiday-maker now doing his fireside planning can make useful progress through the labyrinth of off-peak, unsocial hours and other special offers, it should be possible to make the journey in some off-peak cases more cheaply even than two years ago on what had become one of the most expensive short sea crossings in the world.

There are other bonuses: P & O, *after ignoring* the existence of cross-Channel prospects for years, has thrown its hat in the ring, providing the catalyst for the price war now raging and adding much-needed capacity on the shorter routes. Last year, Townsend Thoresen added new and larger vessels, and Sealink will do so this year. So in 1981, missing a ferry through *force majeure* even at peak periods should not represent the same nightmare as in the past. And the competition should further help to improve standards of on-board service and facilities.

Stacking up

Ferries are not the only area in which, for once, the odds are stacking up in favour of the holiday motorist.

Despite their best efforts, the package tour operators have failed to make much of a dent in the popularity of motoring holidays, even with the extra problems of preparation and planning. The reasons are not too hard to find: holiday motoring tends to be a family affair, and the bigger the family, the more economical travelling becomes, particularly at the peak periods dictated by school holidays.

Provided adequate insurance and other emergency precautions are taken—Continental motoring must be one of the single best reasons for possessing one or other of the major credit cards, even for the remaining few who still disapprove of them—the holiday budget also remains rather more under control.

At the heart of the motoring holiday, however, is freedom, to travel wherever and whenever at will. For many to whom a holiday should be an adventure, there is no competition between a two-hour package tour flight to the Costa del whatever, and belting southwards from a night-time ferry to Boulogne, watching the south of France come up with the sunrise.

It is the resilience of the motoring holiday to other temptations which has brought an upsurge in accommodation aimed specifically at the touring motorist, both in Europe and the UK, from motels with TV and swimming pools to radically upgraded camping and caravanning sites (it should be noted that Townsend Thoresen this year is putting towed caravans in a separate price bracket with lower rates than for similarly sized cars).

Self-catering holidays, from villas to campsites, are now the fastest-growing sector of the holiday market, both in the UK and Europe.

Tracking down the sites and accommodation which best suits individual needs now presents problems of dealing with a surfeit, rather than a lack of information. But good starting points are the Caravan Club, the AA and Royal Automobile Club travel services, and the national tourist authorities of the countries to which you plan to travel, including the British Tourist Authority and the regional boards of tourism. Of particular use are the AA's guides, *Camping and Caravanning in Europe*, and *Guest Houses, farmhouses and Inns in Europe* (both about £3). Michelin's Guide *Camping Caravanning France* is also particularly reliable in its assessments.

For those who can't quite pluck up the courage to make all their own arrangements, "package" holidays using your own car have been proliferating. These can range from the basic supply of camping equipment—the AA or RAC will hire you the lot—to the provision of villas and permanently sited caravans.

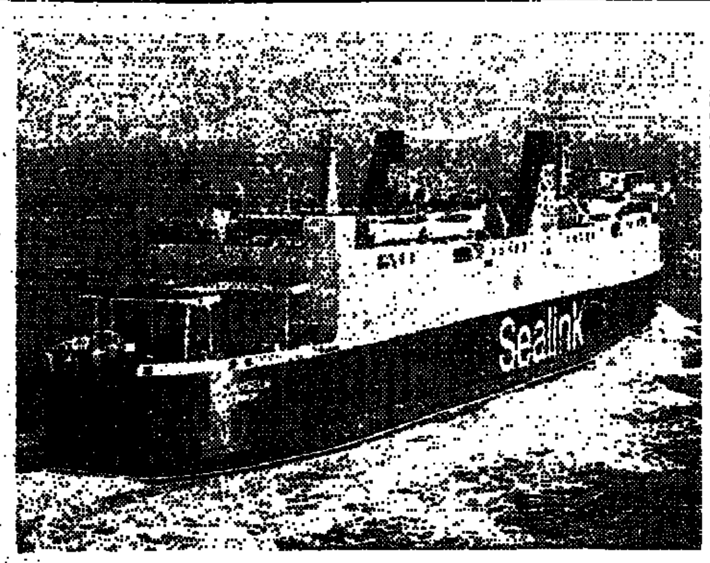
In the camping sector, still leading the market after nearly 20 years, is Canvas Holidays. Its net covers France, Italy, Austria and Switzerland. Quite apart from supplying sites and equipment, Canvas includes in its packages discounts, depending on which ferry service is taken (fares are included), hotel accommodation en route and the ability to switch among its different sites. For three weeks' holiday for two adults and two children, expect to pay about £500.

The ferry services have themselves jumped on the bandwagon. Sealink, for example, on its Irish touring holidays allows the motorist to take his car over by ferry and pick up one of its caravans from Dubline or Wexford. At the end of the holiday, the van is returned before boarding the ferry.

Costs range from about £90 for one week with a 10 ft. four-berth (though that means crowding) caravan in January-April, to £170 for a six-berth, 16 footer in August. Other Sealink packages range from self-catering apartments in Europe, from £42 per person for seven nights, to holiday hotels in Germany from £55 per person for seven nights. Both European Ferries and P & O are moving into the same type of market.

A motoring holiday in the UK gets round most of the problems associated with ferries, insurance "Green Cards" and so forth, but it remains a tragedy that too few Britons still pluck up the courage to travel to Northern Ireland, where outside of Belfast and Londonderry there is much unspoilt, truly beautiful countryside for touring and which remains, for reasons which should be becoming less obvious, uncrowded.

Again, the AA and RAC guides provides comprehensive guides listing accommodation for motorists, from bed-and-breakfast sites to five-star hotels, and both have been intensifying their efforts to provide more comprehensive services and information. The latest manifestation of this is the launch this month of Traveller's Realm, a new venture by the RAC involving the setting up of a chain of centres offering complete travel agents' services.



Sealink's newest ferry and the flagship of its fleet, the St. Anselm, started service last October on the Dover-Calais route. It can carry up to 1,000 passengers and 309 cars, unlike its sister ships which have greater passenger capacity but room for only 217 cars. The St. Anselm has a bar, cafeteria, duty-free shop and a separate lounge for freight drivers.

WHAT IT COSTS IN AUGUST

Anglo-French short sea routes

	Mini and two adults £		Cortina, family of four £		Rover, family of four £	
	Peak time	Off-peak time	Peak time	Off-peak time	Peak time	Off-peak time
Sealink	51	31	67	42	76	46
Sealink (2)	47	31	64	42	74	46
Townsend	51	31	67	42	76	46
P & O	50.50	34	67.50	47	77.50	53

Routes: Sealink, Townsend—Dover/Calais
P & O—Dover/Boulogne
Sealink (2) — Folkestone — Boulogne/Calais, Dover-Boulogne/Dunkirk

Prices as at January 9, 1981.

William Hall reports on the confusions and the perks of the ferry price war

More opportunities for choosy customers

THE SECOND year of the great cross-channel ferry price war looks like being just as confusing as the first. In common with last year, however, there are plenty of bargains to be had if you are prepared to sift through the ferry-hovercraft timetables.

The most important advice is not to book too early. Travellers who took advantage of Sealink's early booking offer last year, for example, soon found to their chagrin that if they had waited until early summer they could have got lower prices.

Obviously there will be times, such as summer weekends, when motorists need to reserve space on the ferries, but generally there is plenty of spare capacity and travellers can afford to be choosy about which service they take. Sealink, for example, is increasing its capacity by nearly one-third this summer with the introduction of two modern ferries.

Normally, operators would have expected to have announced their 1981 summer prices by now, but this year there are delays. The two hovercraft operators, Hoverlloyd and Seaspeed, have yet to announce their fares and P & O Ferries has said that it will be "reacting competitively to other operators' 1981 fares." In laymans' terms this means that they are having to reprint their brochure because they have been undercut by Sealink.

Prices will no doubt be changing between now and the holiday season, but there are already a few pointers which should help the traveller. On the main short sea route between Dover and Calais the two biggest operators, Sealink and Townsend Thoresen, are charging similar prices.

Dead of night

Thus the peak summer weekend rate for a family of four in a Cortina is £67 (single), about 9 per cent up on the 1980 prices. Of course, you can choose to cross the channel at the dead of night, thus reducing the cost to £42 single.

P & O Ferries, which operates between Dover and Boulogne, is marginally more expensive at the time of writing but this may not continue to be the case.

Meanwhile, Sealink has departed from tradition and instead of charging common prices from Dover and Folkestone to all its French ports, it has made its fares slightly cheaper on all its short-sea routes, except for Dover-Calais. Thus a motorist can cross between Folkestone and Boulogne/Calais, or Dover and Boulogne/Dunkerque for a few pounds less than on the Dover-Calais route.

British Rail's hovercraft operation, Seaspeed, has still to unveil its 1981 prices but it has decided to adopt different tactics from its sister company, Sealink. Seaspeed has scrapped separate tariff rates for different car lengths and instead is quoting a single car rate which varies, depending on the time of day/season. In addition, it is not following Sealink's strategy and quoting lower prices for its Dover-Boulogne service as opposed to its Dover-Calais service.

While the majority of travellers cross on the short-sea routes a growing number are going by the longer routes. It takes considerably longer and costs more, but on balance there is often a saving in terms of petrol and overnight hotel costs.

The difference in costs between the short-sea routes and the longer routes is often quite small. On Townsend Thoresen's route between Southampton and Le Havre, for example, it costs £53 to take a Cortina at the peak of the season compared with £46 on the Dover-Calais route. Often a motorist can save money by taking a slightly more expensive ferry service.

In addition, there are unquantifiable savings in terms of relaxation. Aside from Townsend Thoresen and P & O Ferries, which operate on the longer routes out of Southampton, France's Brittany Ferries, a relative newcomer to the Channel, has been carrying increasing numbers on its *popular longer routes between* Portsmouth and Southampton and Plymouth-Roscoff/Santander. Meanwhile, OLAU Line is doubling its capacity, with a route between Sheerness and Vlissingen, in Holland.

Medical and motor insurance must be given pri ority before leaving. John Griffiths reports

Covering the unexpected and the bizarre

LAST SUMMER Townsend Thoresen's captain, Mike Edward, in mock Viking helmet, brought Free Enterprise II through a blockade of French fishing boats to berth his ferry at Cherbourg while the ferry's p/a system blasted out "Land of Hope and Glory." When he docked, more fishermen, angry over fisheries policy, let fly with assorted missiles, getting a broadside from the ship's hoses in return. Finally, 2,000 Britons, stranded for two days, joined the fray and won their way to board the ship. The point of the story is that when it comes to insuring against the unexpected, the unexpected can take some pretty bizarre forms.

On January 9 the Association of British Travel Agents launched what is claimed to be the most comprehensive travel protection scheme ever for the holiday motorist.

Called Extra Sure, it brings together "green card" motor insurance for travel abroad, the Automobile Association's Five Star accident, breakdown and touring cover, and insurance against loss of baggage, cancellations or delays, personal accident and medical expenses cover. The scheme covers precisely the difficulties created by the fishermen's dispute, in which thousands of motorists found themselves paying unexpected hotel and food bills and being unable to claim compensation. The current seamen's dispute hitting cross-Channel ferries underlines the need for such schemes.

At about £60 for 17 days for car, driver and a couple of passengers, *schemes like Extra Sure* may sound expensive, but compiling its individual ingredients oneself, through the motoring organisations and your own insurance brokers, is likely to cost more. And, quite simply, it is foolhardy to venture with a car beyond these shores without really comprehensive cover.

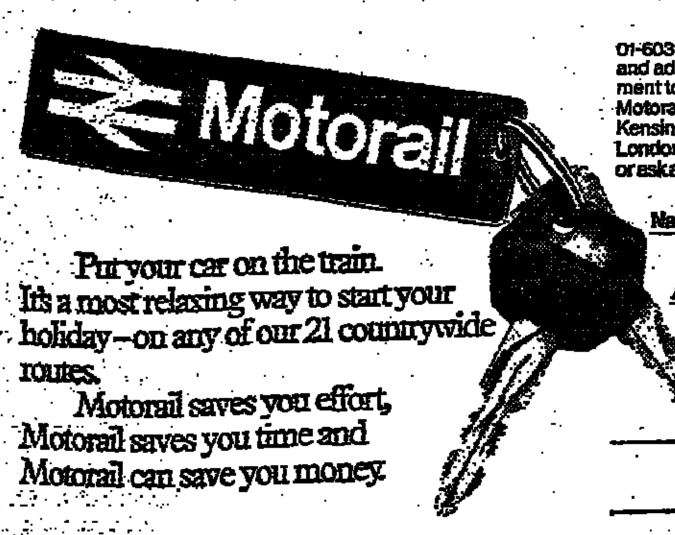
The scheme has one interesting aspect. If you do have an accident abroad (and most occur within 60 or 70 miles of the foreign point of entry, either through driving on the wrong side of the road or dashing to catch the ferry home), your no claims bonus in the UK will remain unaffected.

Even though reciprocal medical care arrangements exist between the UK, Common Market and some other European countries — holiday-makers should make sure that they have document E111, available from Department of Health and Social Security offices, before they travel—it is by no means certain that in the case of a severe accident all the costs of treatment would be covered, and in the past trying to get treatment can mean encountering bureaucratic irritations.

Thus even if one is tempted to settle for less than blanket cover, adequate medical insurance is essential. But the AA's Five-Star scheme and the Royal Automobile Club's new Travellers' Bond—which replaces the Cordon Bleu and Family Holiday Insurance packages—provide such cover. Both schemes will also reimburse travellers for delays, although only the RAC provides vouchers which can be used to pay hotel or food bills in case of delay.

For wider information on detailed insurance needs, it is worth approaching the British Insurance Association for its leaflet on the subject at Aldermary House, Queen Street, London EC4N 1TU.

Both motoring organisations will also hire to you a basic replacement parts kit for your car under the schemes, covering items like fan belts. They are well worth the little extra expense. When you're at the side of the road in northern France, at dead of night in the pouring rain, all the insurance in the world is no remedy for having a quickly replaced part immediately to hand.



BOOKS

Future imperfect

BY MALCOLM RUTHERFORD

The Socialist Agenda: Crosland's Legacy
edited by David Lipsey and Dick Leonard. Jonathan Cape. £7.95, 242 pages

The Future of Socialism
by Anthony Crosland. Jonathan Cape. £8.95, 368 pages

Anthony Crosland's *The Future of Socialism*, first published in 1956, was a seminal document. It shaped the political thinking of a generation. It struck many of those who were being educated at the time as a model for how the Labour Party ought to develop in policy terms.

Yet, looking back on it now, it contained at least one fundamental flaw. It was not really about party politics at all. The book might equally well have been called *The Future of Britain*. That was the reason for its attraction. The goals which Crosland identified were economic growth, a more efficient use of resources, greater social equality, individual freedom and cultural diversity.

They could be associated with Labour then because the Party was in opposition and there was an intellectual reaction against the Conservative Government which continued throughout the late 1950s and into the 1960s. The Tories seemed somehow backward-looking and undynamic. They lacked the Crosland virtues of seeking greater fairness and a reduction of class divisions.

Again in retrospect, however, there was no reason why those ideas should have been specifically Labour. The Crosland thesis was attractive because it appealed to a new generation which already tended to take economic growth for granted, wanted more of it and believed *that it would lead to a more* classless society. There was not in those days—any more than there is today—anything very left wing about that. Indeed *The Future of Socialism* was probably at least as influential on people who became Tories as those who became Labour. It belonged to, in fact made, the intellectual climate of the times. Even some who had not read it seemed to have absorbed its ideas.

Whatever happened to the Crosland legacy? There are, I think, several answers, none of which are fully given in *The Socialist Agenda* essays. In the first place, the Labour Party has been in office for about half the 25 years since the original Crosland text was published. Whatever it may have achieved in that period, it does not look like Croslandism. Labour is often its own worst enemy in these matters, behaving as if it has achieved nothing at all. Yet it has certainly not begun to transform society in the way that Crosland would have wished—and he himself was a Minister for much of the time.

There was a proposal in *The Future of Socialism*, for instance, for the gradual integration of the public schools into the state sector. Yet private education is now more flourishing than ever before, largely because Labour chose instead to abolish the direct grant schools.

There was also the problem of *economic growth*. Crosland took it for granted. Most of his plans for reform and redistribution were based on it. Yet when the growth failed to materialise Croslandism was dead. Certainly there was little attempt to come up with alternative economic policies, though Mr. Lipsey claims that, had he lived, he would have *been by now a strong advocate* of import controls. The other economic essays in the book are mainly about incomes policies. Growth seems to have gone by the board. Perhaps the British people did not want it.

There was a further failing which is more fully recognised here. Labour Party thinkers, though not entirely Crosland, have reckoned without the rise of the power of the state. State power is not necessarily popular. It can become excessively bureaucratic. To the council house tenant, for instance, it can seem restrictive of liberty. Socialism over the years lost its human face.

Yet the deepest failing of all was an unwillingness to do anything about the party organisation. *What, one wonders*, would Crosland have done about the present National Executive Committee with its calls for wholesale nationalisation, centralised planning and less than obvious commitment to personal freedom? The answer is almost certainly that, like the Labour Party survivors—Mr. Callaghan, Mr. Foot and Mr. Healey, he would have done nothing. Certainly there is little in this book to suggest otherwise. Yet it is precisely the NEC which is taking the party even further away from Croslandism, and from popular and intellectual appeal.

There is one narrower point. The public expenditure argument is presented here—as it is by some Tories—as being about whether spending should be *high or low. The real point is* surely that it should be controlled. The trouble with successive British Governments is that it keeps getting out of hand, largely because of unrealistic assumptions about growth.

Still, *The Future of Socialism* is worth re-reading. It is simply rather hard to relate it to the present Labour Party.


Terry Kirk

Crosland: abandoned architect

Belfast eyes

BY NICOLA BEAUMAN

The Green Avenue: The Life and Writings of Forrest Reid, 1875-1947
by Brian Taylor. Cambridge University Press. £12.50, 218 pages

Forrest Reid is one of these neglected writers of whom most people have never heard, but a select few collect first editions of his work, as they do of Adrian Bell, Denton Welch or Francis Brett Young. It is curious that all these writers shared an obsession with the countryside, childhood (or, mostly, boyhood) and a fixed nostalgia for both. Could it be that "neglected" covers not just status but also theme? Perhaps there is something *about the understated, delicate* and plangent way this kind of fiction is written which denies its staying power; and yet *Le Grand Meaulnes, The Go-Between* and *Peter Pan* have all "stayed."

There has been no full-scale work on Reid since Russell Burlingham's 1953 "portrait and study" which gives an expansive assessment of "character and setting," "style and ideas" rather than blow-by-blow biographical detail. Dr. Brian Taylor has concentrated on Reid's life, so again we face that curious publishing tenet that a writer's daily existence is of interest. Sometimes it is; but some of us would rather not be told that the author of one of the great novels of the twentieth century, *Howard's End*, lived in suburbia with his mother and certainly not in two volumes. Here we have a methodical, well-written biography which remains a little wary of the real issue of why we should read the novels, why they matter to us 50 years later.

Because they do matter. Reid *was one of those who, as* Forster wrote in *Abinger Harvest*, "concentrated their regard upon a single point," in his case boyhood and Ireland. The grown-ups "exist mainly as sympathisers, tyrants and choruses" and indeed the novels "see so few types; just as they see so little of the globe" (Forster again). Yet despite the narrow focus they deserve to last simply because the one type and the one corner of the globe are both captured so precisely. The trilogy *Young Tom, The Retreat* and *Uncle Stephen*, and *Peter Waring*, are imbued with the spirit of boyhood, a boyhood which valued bravery, purity, loyalty and decency above everything else.

Reid was faithful to these values. His life was measured out *decently in provincial* Belfast with an interlude as an undergraduate at Cambridge which he found irrelevant. He lived "an ordered, if at times a rather featureless, bachelor existence," wrote his novels and some criticism, was keen on croquet, jig-saws and dogs and was 50 when he wrote to a friend "I've got 6,421 stamps. I'm afraid it's rather childish to have ascertained the exact number, but there it is." Occasionally he ventured to England for croquet tournaments or to collect a puppy. The atmosphere of cold mutton, 2B pencil stubs and tobacco stained white cuffs is overwhelming.

But he was keen on boys. One of them had a sister who remembered:

"His love for Kenneth I took wholly for granted, but naturally enough, I suppose, I felt left out. He used to pet the boy, taking him on his knee. I saw nothing out of the way in this either, apart from wondering what anyone could see that was cuddly in a knobble-kneed schoolboy."

Reid craved friendship and loyalty, erotic or sentimental attitudes to boyhood being quite alien to him. His pederasty was in the imagination and he "considered the sexual act in itself degrading"; he disliked the title of his 1913 novel *The Gentle Lover*, feeling "a certain reluctance to pronounce the words, which seemed to me not at all in my line."

In an *otherwise comprehensive* book it is a pity there is so little about influences and literary tradition. *Bevis* and *Huckleberry Finn* were evidently favourite books, Henry James an important stylistic influence and Walter de la Mare a lasting mentor. But Proust, Alain-Fournier and Ackerley are *only* mentioned *once* and Barrie is not mentioned at all. Nor does *Maurice* receive more than a brief mention although Reid and Forster were friends while it was being written. The literature of pederasty is a small one and someone as insular as Reid might have gained in stature if Dr. Taylor had been able to help him emerge from "nostalgia-*for-boyhood-in-Ireland*" and be understood in a wider context.


Forrest Reid: first worlds

Brazilian slave-trader's saga

BY ROBIN LANE FOX

The Viceroy of Ouidah
by Bruce Chatwin. Jonathan Cape. £5.95, 155 pages

Bruce's Chatwin's first book, written in his thirties, has been a best-seller. His travels in Patagonia were admired for their quick, pointed style and a rare eye for the bizarre. These qualities stand out on every page of their sequel. They are joined by a remarkable imagination *and a developed sense* of atmosphere. *The Viceroy of Ouidah* is not a novel. It is a well-constructed irony in five parts whose strengths and perhaps, at times, weaknesses are born from the same eye for the odd and the cosmopolitan.

Chatwin is an author who actually likes walking and has not the slightest scruple about visits to countries whose rigours would choke the chapters of lesser men. There is much *about West Africa's Dahomey*, the modern Benin republic, which would upset any other outsider. This tale is spun round a great Brazilian slave-trader, at work in the nineteenth century. It is written to startle, sadden and alarm. In its own terms of reference, it succeeds.

It is not Bruce Chatwin's way to dwell on character and the human heart as seen from within nor to treat us to a drama of emotion and tragic understatement. For his West African setting, he has *deliberately* chosen the opposite. Like it or not, the style has the power to dazzle. It is strung with broken glimpses of incongruity and triple clauses of exotic detail. Unfamiliar words and foreign objects crowd onto every page, underscoring the cultural *oddities of old Dahomey* itself without delaying the pace. The style is a reflection of the setting. It is best suited to the impossible groups, the exiles and migrants whom it conjures up so well. Two pages on the returning Brazilians, going back to the Dahomey of their slave-parents' childhood, are a superb evocation of colour, warmth *and irony. There are searing* descriptions of death and sickness, shot off like shells against a landscape whose outlines are caught in a magical series of metaphors. Old kings are sent to prison, "ordering imaginary executions and slumped in a torpor of compulsive eating."

The crucified "croak for water in a library of sleeping fruit bats." This is not, I think, a writer's self-indulgence. It is a deliberate tour de force, sustained for the West African scene. There is a different colour and feel to the South American sections, the scene of the slavetrader's early years. But the impression throughout is *of sharpness, a tale of the* truly macabre.

To have found it and its living heirs is no small feat in itself. The first two parts take us back to Francisco Manoel through the tributes and gatherings of his disparate modern heirs. Even for them, the tone, I felt, is at times too overwrought.

The centre then focuses on the first Francisco, the Brazilian cattle-boy turned slave-trader, friend of the bestial kings at Abomey and surely the only man to have been dyed in a vat of indigo in order to be made fit for execution. Only black men, in Dahomey, could be punished with death. Francisco escaped. The tale is based on fact here, followed up by Chatwin as far as Benin and Brazil allowed. It is superbly *lit in passing*, the saints and prayers on a slave captain's ships, the skulls and the skull-lust for Dahomey's princelings, the Brazilian palace of Francisco the Viceroy made good.

The story is beyond invention, and a well-matched partner for its style of telling. It must, indeed, have been so odd. The Viceroy is only for strong readers, a book of style and shape from an angle of vision which is sharp and unusually piercing.

Mr. Punch

BY B. A. YOUNG

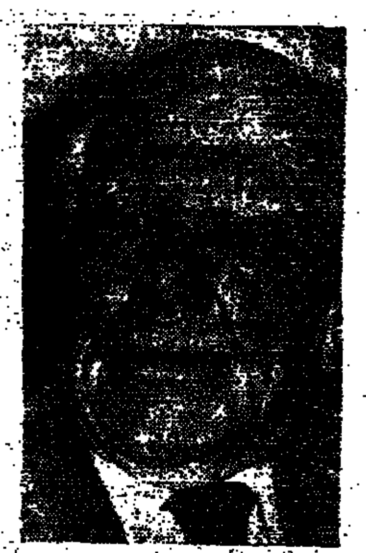
Malcolm Muggeridge: A Life
by Ian Hunter. Collins. £6.95, 270 pages

"Truth, not facts, dear boy" is a maxim attributed to Malcolm Muggeridge by Professor Hunter (of London, Ontario), and his biography adds the facts left out of his subject's truthful autobiography. What is truth? Today's Muggeridge is a militant Christian. He was a devoted Christian 50 years ago, preaching to the Indians at Union Christian College. He has been a lot of things in between.

His weakness *seems* always to have been a failing for Instant Enthusiasm. In his first Christian period he almost became a priest. In a moment, it seems, he was off to Moscow to taste the "future that works;" but back after a year to seek refuge in journalism and letters. The war sent him at once to the recruiting offices (and left him in 1945 as Major Muggeridge, Légion d'Honneur and Croix de Guerre with palms, though probably he knows his C.E. Montague well enough to understand the value of decorations earned on the staff).

Professor Hunter is strong on facts. He takes us back to 1864 for the birth of Malcolm's father, H. T. Muggeridge, Labour MP for Romford (whom Malcolm unkindly satirised in more than one of his fictional writings). He has used diaries and correspondence not used in *Chronicles of Wasted Time*. But I am not quite sure how truth figures. It's clear from the start that Mr. Hunter regards his subject as a very great man—an uneasy standpoint from which to assess a living and still vigorous character. Too much of his information comes from *the Muggeridge circle. How can* Anthony Powell or Claud Cockburn say how the Punch staff reacted to their new editor? Actually, once we were reconciled to the prospect that we should deal with mid-20th century public affairs rather than what he described as "Celia and the washing-up," and that we should return to the outspoken criticism of the Punch of a century before, he was both liked and admired. He had a quick understanding of our individual capabilities. The board of directors, who had lived lavishly on Celia and the washing-up for decades, were another matter.

Posterity is unlikely to see Mr. Muggeridge as more than happy footnote material, and I can't think of anyone less likely to care than himself. He blames himself for a "negative and irresponsible" attitude to the 1945 election; and really his attitude to almost everything until *Jesus Rediscovered* has been negative and irresponsible except where it has been positive and irrespensible. That hasn't kept him from being the nicest man in the world, as I expect he still is. He is generous and funny and writes like an angel when he takes the trouble, calling on references to wide reading that he can always introduce *in an unexpected way*. In the five years I worked with him, he influenced me more than any other person ever has; and I'm not sorry.


Muggeridge: instant enthusiasms

On the Somme

by ALAN FORREST

No Man's Land
by John Toland, Eyre Methuen, £10.00, 651 pages

Looking across the green fields of the Somme recently, I had a fascinating conversation with a 93-year-old ex-VAD nurse. She was telling me about the night she and her colleagues were frantically packing their bags to get back to England as the Kaiser's troops smashed their way towards the Channel ports.

The year was 1918, and it is faithfully recorded in Mr. Toland's blockbuster of a book —the year when Haig's Order of the Day read:

"There is no other course open to us but to fight it out. . . With our backs to the wall, and believing in the justice of our cause, each one of us must fight on to the end."

Meanwhile, the Kaiser was riding around the front line shaking hands with captured British officers and saying: "Gentlemen you fought bravely, but God is with US."

That was the start of the year. As time moved on, things changed. The Americans eventually decided they were ready for action and went in with a giant Marine sergeant screaming: "Come on, you sons of bitches, *do you want to live for* ever?" With President Woodrow Wilson pledging thousands of such men a month, the result was in no doubt—they were like the substitutes called in ten minutes before the end of a First Division soccer match to score two goals.

I am not being facetious about that dreadful, dirty war. *But Mr. Toland's record of 1918* is so frightening that you can only keep your sanity by reducing it to the level of a Hollywood movie. The Kaiser stopped strutting and sued for peace—and Clemenceau, Lloyd George, Churchill, Pétain, Haig, Foch and Wilson intrigued to rescue their political reputations out of the bloodbath.

In the end, it was a famous victory. But what good came of it? We lost our young men, and became an eternal enemy of Soviet Russia. The Americans, rightly, *became a new power to* be reckoned with. But even on Armistice night, General Wilson, Chief of the Imperial General Staff, met a weeping lady in Eaton Place who told him:

"I'm crying because I'm happy. I know that all my three sons who have been killed in the war have not died in vain."

Crimes and catastrophes

BY WILLIAM WEAVER

Chase Royal by Donald Seaman. *Hamish Hamilton*. £6.95, 319 pages

The home life of dear Queen Victoria, during her widowhood, is the setting for much of this enjoyable thriller; but the story also ranges from brawling New York to London to the continent. Former foreign correspondent Donald Seaman knows *how to unfold a tale and he has* also obviously done considerable research into his period. On occasion, the erudition shows a bit too clearly (especially in the use of period slang, which then has to be explained); but nothing slows the pace, and he has a grand, varied cast of characters, of whom the most engaging, inevit*ably, is the royal Widow herself*.

But Nellie Was So Nice by Mary McMullen. Collins. £5.95, 198 pages

As she showed with her earlier *Welcome to the Grave*, Mary McMullen has an enviable talent for setting up an original, menacing situation; and even more successfully than in the earlier novel, in this latest book she works the situation out brilliantly, with a plausible, but *properly surprising* conclusion. As a rule, the victim in a murder story is either unpleasant, eminently murderable, or someone the reader never gets to know well, *eliminated* perhaps in an early chapter. Here, the author boldly breaks this unwritten law: Nellie Hand is totally likeable and we get to know and love her by the time she is killed, halfway through the book. We also get to know her eccentric circle of friends—*the milieu is Greenwich Village* —and thus are given a broad choice of possible killers. Mary McMullen's boldness is rewarded: her book is first-rate.

Snatched by Gregory McDonald. Gollancz. £5.50, 264 pages

Mr. McDonald has given his usual hero Fletch a vacation (which will make his return all the more welcome) and has produced a kidnapping thriller. The victim is the small son of a diplomat, and the ransom is not money *but a diplomatic* betrayal. The villains are as sharply characterised as the child and his parents, and what could have been a simple chase story is enriched by a pattern of tensions and hatreds and jealousies. For once, the child is not cute: he, too, is a character, and an engaging one. The story reaches its climax in California, at a place called Fantazyworld, which the author has splendidly invented (though it also has the terrible ring of authenticity) with its own little cast of Californian types.

Photo-Finish by Ngaio Marsh. Collins, £5.95, 262 pages

Rory and Troy Alleyn are, heaven be thanked, ageless. They exist also virtually outside of time and—in Ngaio Marsh's latest invention for them—outside of this world. The story, in fact, takes place on a remote lake island in New Zealand. It is an ideal situation for murder and for detection, since the lake is subject to sudden, violent *storms, which isolate the guests* at the sumptuous island lodge and, for the suitably crucial amount of time, cut off the telephone.

Troy has gone there to paint a portrait of the mistress (if not the lady) of the house, a magnificent, flamboyant opera star. *Rory goes along*, discreetly sent by Scotland Yard, because the diva and her protector require a bit of investigation. Naturally, the house party and the staff include a number of rum characters, all sharply defined. They really don't make divas like La Sommita any more, alas, so Ngaio Marsh's creation is all the more welcome and engaging. One querulous note: somebody should have checked the several Italian expressions (the word for "voice" is, appropriately, feminine, for example).

Golden Rain by Douglas Clark. Gollancz, £5.95, 160 pages

The latest adventure of Masters and Green marks a slight departure from Douglas Clark's now familiar and irresistible procedure. In the past, *the mystery lay—beyond* the discovery of the murderer—in the unusual poison or medical skulduggery employed. This time we know from the start that Miss Holland, *superlative* headmistress of an exclusive girls' school, has ingested laburnum seeds. The question is why. Masters and Green, under considerable pressures both legal and social, manage to discover not only the ingenious, totally convincing modus operandi but also the elusive murderer. Mr. Clark at his best, operating with his usual, admirable economy.

Answers to Holiday Quiz

THIS is the week we announce the results of our annual holiday quiz. Last year we had a bumper entry but several of those who did the quiz felt that it had been on the easy side so this year Quiz Digest, the monthly magazine that compiles the problems for us, made it more difficult and varied the questions to test a large variety of skills. I hoped this way to encourage families or groups of friends to pool their resources and have a go at solving the quiz together.

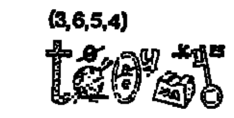
Many readers seem to have done just that with many married couples and groups submitting joint entries. We didn't get as large a reponse as last year (no doubt due to the fact that it was considerably more difficult) but the quality of enjoyment this year seems to have been very high. Many of you wrote charming, appreciative letters with your entries and for these I thank you. I hope the reader who came upon the quiz quite by chance (because somebody had made off with her usual paper) enjoyed it enough to stay with us and have another go next year.

As readers were asked to send their entries in on the actual page with the answers written in the blank spaces provided, most of you would find the answers alone almost unintelligible. Therefore we have reprinted as many of the questions below as we could.

I would like to thank Quiz Digest for compiling the quiz, and all the many readers who submitted entries. The first three correct entries pulled out of the box came from: David Brydon, "Hartforth," 11 Lindale Road, Fenham, Newcastle-upon-Tyne; Mr. and Mrs. T. Rosslyn Smith, Arundell House, High Street, Tisbury, Salisbury; and A. S. Woodhams, 6 Avenue St. Nicholas, Harpenden, Herts.

REBUS 1

(3,6,5,4)



TWO LOVELY BLACK EYES

REBUS 2

(1,5,2,3,3)

A FLASH IN THE PAN

CROSS REFERENCE

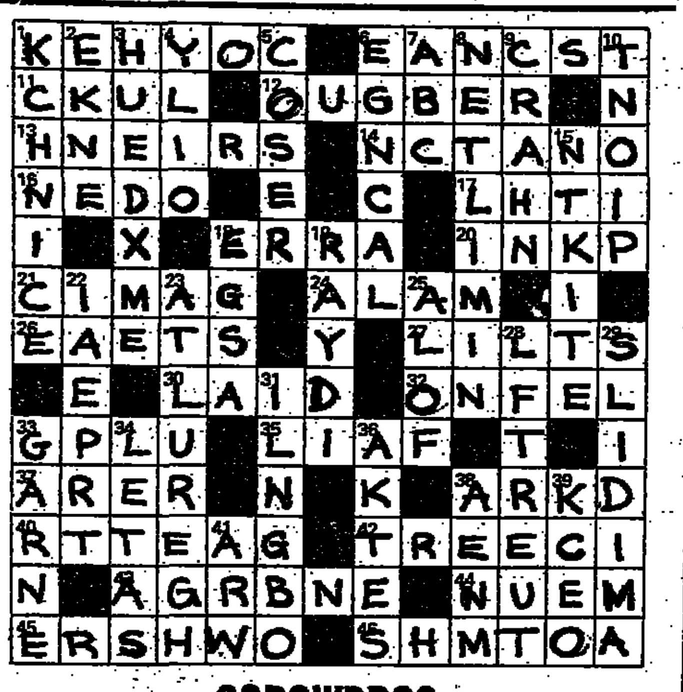
Readers were asked to discover with the aid of a reference grid which letter of the alphabet each number in the diagram represents; given that 1, 4 and 22 represent "I," "T" and "O" respectively.

MASTERMIND

Readers were asked to break the code and so complete the bottom line given the following information. Four colours have been coded in a certain sequence, left to right. Five attempts to match the code have been marked below. An "X" indicates a correct colour in the correct position, an "O" indicates a correct colour in the wrong position. Only the six colours given are available, but the code may contain repeated colours. For example, if you guessed "Blue Yellow Yellow Green" and the code was "Yellow Black Red Green," your attempt would be marked "XO"—the "X" indicating that one colour (green) is correct and in the correct position, the "O" indicating that one colour (yellow) is correct but in the wrong position.

BLUE	RED	WHITE	BLACK	XO
RED	BLACK	BLUE	WHITE	XO
BLUE	BLACK	WHITE	BLACK	O
GREEN	BLACK	GREEN	YELLOW	XO
GREEN	BLACK	BLACK	GREEN	XX
?	?	?	?	XXXX

GREEN RED BLUE GREEN



SCROWDROS

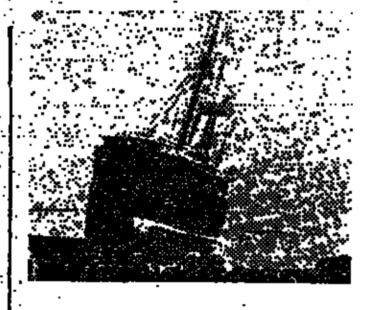
ACROSS

1 Stick-and-ball game (6)
6 Way of standing, attitude (6)
11 Fortune (4)
12 Shoe, or Irish accent (6)
13 Black eye! (6)
14 Swiss territorial division (6)
16 Cooked, finished (4)
17 Dagger handle (4)
18 Back, hindmost part (4)
20 Light red (4)
21 Sorcery (5)
24 Tibetan Buddhist priest (4)
26 Tantalise (5)
27 Motionless, calm (5)
30 Clock face (4)
32 Villain, criminal (5)
33 Bung, stopper (4)
35 Be unsuccessful, in an exam, for instance (4)
37 Underdone (of meat) (4)
38 Without light, gloomy (4)
40 Object aimed at (6)
42 Repeat from memory, narrate (6)
43 Explosive firework (6)
44 Bill of fare (4)
45 Short period of rainfall (6)
46 Biblical doubter (6)

DOWN

1 Young domestic fowl (7)
2 Sharp or eager (4)
3 Disinterred (7)
4 Unctuous, greasy (4)
5 Twenty (5)
6 Momentary look (6)
7 Taxi (3)
8 Embrocation, ointment (8)
9 American stock-farm (5)
10 Sharp end (5)
15 Young cat (6)
18 Man of great wisdom (4)
19 Pepys's book (5)
22 Buccaneer (6)
23 Mirth (8)
25 Young horse (4)
28 Small casual bet (7)
29 Temporarily lost (7)
31 Bogy, fearsome sprite (6)
33 Wrath (5)
34 No longer fresh, out of condition (5)
36 Pointed fencing post (5)
38 Appellation (4)
39 Coal from which gas has been extracted (4)
41 Prolonged conflict (3)

CURRENT AFFAIRS



1 What happened to the *Athina B* the day after she was refloated from Brighton beach?
She ran aground again off Rainham, Kent.

2 Which well-known Ben started as one of 30 and to most people's astonishment, finished first of only four?
Ben Nevis (Grand National).

3 Who rescued Sim Harris from where?
The SAS, from the Iranian Embassy in Kensington.

4 What is the name of the ship from which Radio Caroline was broadcast which sank in heavy seas?
Mi Amigo.

5 Which Allen achieved a top speed of 185 mph, and where?
Hurricane Allen, in the Caribbean.

6 At 8.31 a.m. on May 18, David Johnston's last recorded words were "Vancouver, Vancouver. This is it." What was it?
The eruption of Mount St. Helens.

7 Where did a replica of Stephenson's *Rocket* appear as part of the celebrations marking the 150th anniversary of the Liverpool and Manchester Railway?
Rainhill, Merseyside.

8 Who headed the commission which admitted to a £130m blunder?
Professor Hugh Clegg.

9 In March, 123 men died as the result of a broken leg. Where were they at the time?
Alexander L. Kielland, Ekofisk Region, North Sea.

10 How did Vigdis Finnbogadottir make political history in June?
She became Europe's first democratically-elected woman head of state (Iceland).

11 What was bought last year by Haringey Council for £1, insured for £31m, and was severely damaged by fire in July?
Alexandra Palace.

12 Who was the first Briton since Harold Abrahams in 1924 to win a gold medal for what?
Allan Wells, 100 metres.

13 Where did Hercules go on the run?
The Hebrides.

14 What is the nationality of the crowned head who abdicated and was succeeded by the young lady pictured here?
German (Miss World).

15 The centenary of which novelist's death was commemorated by the unveiling of a plaque in Poet's Corner?
George Eliot.

16 What is the name of the Gloucestershire mansion bought by Prince Charles?
Highgrove.

17 Which Rubens picture did the National Gallery buy for £2½m?
Samson and Delilah.

18 Why was the death of Josip Broz mourned by millions?
He was President Tito of Yugoslavia.

LITERARY QUIZ

1 Who wrote each of the following lines?
(a) "Reader, I married him."
(b) "I say, we will have no more marriages."
(c) "Marry'd in haste, we may repent at leisure."

(a) Charlotte Bronte (Jane Eyre)
(b) Shakespeare (Hamlet)
(c) William Congreve (The Old Bachelor)

2 What were the names of each of the following?
(a) The Collector.
(b) The Caretaker.
(c) The Country Wife.

(a) Frederick Clegg (John Fowles)
(b) Davies (Harold Pinter)
(c) Margery Pinchwife (William Wycherly)

3 Who has killed whom or what?
(a) "With my cross-bow I shot *the albatross*;
The Ancient Mariner.
(b) "He left it dead, and with its head He went galumphing back"
"my beamish boy"; the Jabberwock
(c) "I kiss'd thee ere I kill'd thee."
Othello; Desdemona

4 Who were the two gentlemen of Verona and the three men in a boat?
Valentine and Proteus; George, Harris and "J" (the narrator).

What are the titles of the *Four Quartets*?
Burnt Norton, East Coker, The Dry Salvages, Little Gidding.

And who was the "great big mountainous sports girl . . . full of the strength of five"?
"Pam" (Pot Pourri from a Surrey Garden, John Betjeman)

5 Which three 20th century American novels by Hemingway, Faulkner and Steinbeck take their titles from, respectively, John Donne's *Devotions*, *Macbeth* and the *Battle Hymn of the American Republic*?

For Whom the Bell Tolls, The Sound and the Fury, The Grapes of Wrath.

6 Who created each of the following characters?
(a) Aleksei Vronski
(b) Philip Bosinney
(c) Sam Spade
(d) Pinkie
(e) Piggy

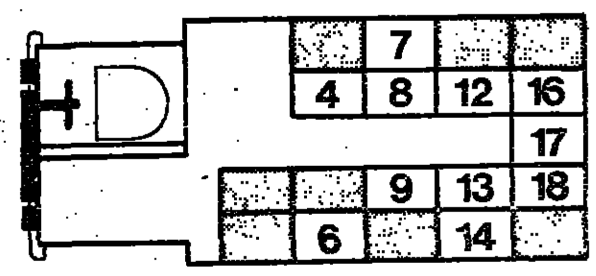
(a) Tolstoy
(b) John Galsworthy
(c) Dashiell Hammett
(d) Graham Greene
(e) William Golding

7 What name connects each of the following pairs?
(a) J. Alfred Prufrock and Felix Holt
(b) The novelist wife of C. P. Snow and the author of a famous 18th century dictionary
(c) Kingsley Amis's "fortunate" hero and Conrad's "aristocratic" seafarer

(a) T. S. and George ELIOT
(b) Pamela Handsford and Dr. Samuel JOHNSON
(c) Lucky and Lord JIM

8 Who was the author of each of the following?
(a) The Man Who Died
(b) The Man Who Would Be King
(c) The Man Who Was Thursday

(a) D. H. Lawrence
(b) Rudyard Kipling
(c) G. K. Chesterton



FARES, PLEASE

FROM THE information given below, readers were asked to identify which of five passengers sat in which seat on a bus, what occupation each followed, and in which order they alighted from the bus. The five were named Miss Allen, Mrs. Bowes, Mr. Cox, Mr. Dodds and Miss Ellis.

Five acquaintances boarded a bus at the same bus stop to travel to work. They found eight of the seats already occupied (the shaded squares on the diagram), so sat in five of the remaining empty, numbered seats.

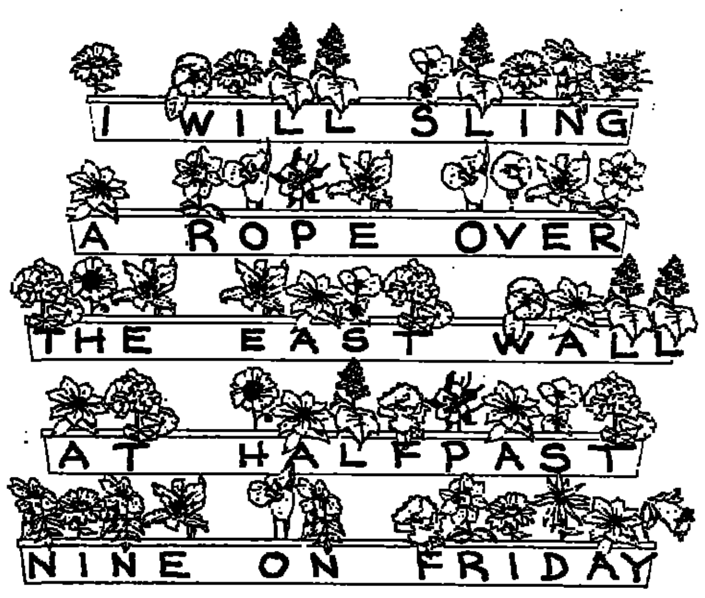
The five comprised two secretaries, a shop-assistant, a postman and a bank cashier.

Miss Ellis boarded the bus first and sat nearer the back than any of her companions, none of whom sat directly between her and the front of the bus. Most of the group from the bus stop sat on the nearside of the bus; one of the two secretaries boarded the bus with her father and sat beside him, and one of this pair was the first to alight.

The shop assistant was a smoker, so sat towards the back in the even-numbered seat two rows behind the bank cashier.

Both the men had left the bus by the time Miss Ellis alighted—Mr. Dodds had to ask a stranger to move so that he could get out. Miss Allen was the last of the five to leave the bus, alighting at the stop after the one at which the occupant of seat seven alighted.

Miss Allen, No. 14, shop assistant, 5th; Mrs. Bowes, No. 7, secretary, 4th; Mr. Cox, No. 8, postman, 1st; Mr. Dodds No. 6, bank cashier, 2nd; Miss Ellis, No. 18, secretary, 3rd.



SPRING FLOWERS

Given the following information, readers were asked to help Jackson to decode Rabin's plan.

"Jemmy" Jackson is serving a prolonged sentence in a cell on the top floor of Parkmoor Scrubs. His erstwhile partner in crime, Brian "the Brain" Rabin has rented a flat which is visible from Jackson's cell. He gives details of the plan for an escape bid to the convict in code, by putting a different arrangement of flowers in his windowbox each day for five days.

SAVING GRACE

My daughter Grace has been saving a pound a week towards her holidays. She persevered for a few weeks, then to encourage her further, I matched her weekly pound with another from my own pocket. This week our joint savings totalled £70.

How much have I saved if Grace has now saved three times as much as I had saved when Grace had saved as much as I have saved now?

I have saved £28.

TRICKY QUICKIES

1 A farmer takes a stall at three different markets to sell his melons. At the first market he gives one melon in payment for the stall, then he sells half his remaining stock. Before leaving he gives one melon to a boy for helping him. The same happens at the other two markets and when he finally returns home he has only two melons left. How many did he start with?

37 melons.

2 Six men, each accompanied by one of their children, occupy only eight seats in a cinema. How is this so?

There are four generations—great-grandfather, grandfather, father and child—of two families at the cinema.

3 A train, travelling at an average speed of 50 mph, is approaching a station where it will make a two-minute stop. Mr. Clark lives two miles from the station and drives there in his car at an average speed of 30 mph. It takes him six minutes to park the car and a further five to reach the platform. The train is 10 miles from the station when he leaves home and is running seven minutes late—will he catch it?

No—he misses the train.

4 A man stands in a line between his cousin and her only uncle, who stands next to his only sister whose only child is at the opposite end of the line from her (the child's) maternal grandmother. How many people stand between the grandmother and her only grandson and how many between him and his aunt?

Two people; one person.

5 For two identical bills, one customer tendered one £1 note and four identical silver coins and the other tendered two £1 notes and eight identical silver coins. One of the customers was given four identical silver coins in change. What was the amount of each bill?

£2.80.

ARTS

Doubtful pleasures

BY B. A. YOUNG

Everyone seems to want to hear his or her old favourite for half of his waking hours. So we have a proliferation of anthology programmes, where familiar items are given an extra boost by being sponsored, either by the famous or by the Common Man.

Perhaps you would never bother to *switch on your set* just to hear Saint-Saëns's well-known swan describe its graph on the 'cello; but if it were asked for by an international cricketer, even by yourself, it would take on a new magic. So here are *Desert Island Discs*, *Baker's Dozen*, *Mainly for Pleasure* (for what besides, I wonder?), *Your Concert Choice* and the rest of them.

One series that has just begun again is Radio 4's *With Great Pleasure*, not only mainly this time but totally. What brings great pleasure to me is that this anthology is not of music but of prose and verse: and choosing words is, for the ordinary man, not so easy as choosing music. You couldn't spend your time on a desert island with "In summertime on Bredon" and "No man is an island" and "Fair daffodils, we weep to see" and so on, and the choice tends to be less hackneyed. This week's bunch, assembled by Dr. A. L. Rowse, contained only one item likely to be familiar to many people (John Betjeman's *Trebetherick*), yet all was good to hear, all the more so for its unfamiliarity.

Dr. Rowse gave himself the advantage of deriving his great pleasure from his Cornish origins, since Cornish is a thing not many of us are, and if you are Cornish it is treated as a very private affair. They even have a dead language of their own, of which Dr. Rowse allowed us to hear three words as the title of one of his own poems (and how often do you hear those?) He managed to include work from a variety of sources that kept to his Cornish keynote—J. A. Froude, R. L. Stevenson, Compton Mackenzie, Charles Causley, D. H. Lawrence and of course A. L. Rowse. This seems to me a very good kind of anthology; I am sorry I missed Jonathan Miller, and I hope I shall catch Lady Diana Duff Cooper.

After *With Great Pleaure* I stayed with Radio 4 for much of the rest of Sunday evening, for it was an evening composed almost exclusively of literary anthologies of one kind and another. *Pen to Paper* is composed of little items of words and music contributed by the customers. This week's theme was love, not perhaps the most likely theme to generate original thoughts. The result made me think of those pages we used to get in the evening papers on suitable anniversaries, Our Readers' Stories of the General Strike, or whatever. I'm sure Our Readers, or *Listeners, were delighted*. Me, I didn't think producers Kay Jamieson had set her standards high enough.

Then on to yet another anthology, this time on a theme as universal as love and as private as Cornwall: cricket. I mean universal in England, of course; and if you argue that there are pagan counties where cricket isn't taken seriously, like Cumbria, let me narrow my focus. This came from Leeds.

According to Radio Times, the three participants in *Cricket as She is Spoken* would read "their favourite pieces of cricket writing and tell strange stores of aberrations brought on by their passion for our national summer game." The nearest I heard to a strange story was the chestnut about a cricketer's pregnant wife rushed over the county boundary to ensure a birth qualification. The favourite pieces were as predictable — A. G. Macdonell's *England Their England*, bits of Cardus and Robertson-Glasgow, even Newbolt's *Vitae Lampada* (the one that goes "There's a breathless hush in the Close tonight").

And this shows up the anthology formula. The readers were Roy Hattersley, Leslie Crowther and David Bairstow, the Yorkshire and England wicket-keeper. They don't read very well, and their material was mostly too well known to be exciting. *I'd have liked it if* Bairstow had read it all, because at any rate he's a smashing cricketer. But if both the selectors and the players had been chosen for their talents in those fields and not others, we might have had a more entertaining programme more expertly put across.

There are still people who can read a written script with such relaxation that you would think they were extemporising, as in the good old days Harold Nicolson could, and A. J. Alan. I caught Miles Kington on Monday in the last of a frivolous series called *Abroad Thoughts from Nome*, explaining with saloon-bar casualness why, for example, petrol rationing in Peru led to an outbreak of windscreen-stealing among motorists.

Oriental journey

No visitor to Norwich this month should fail to take the ticket offered at the Sainsbury Centre for Visual Arts, University of East Anglia for a magic carpet tour of the Middle East.

"A Middle Eastern Journey" (until January 25) presents a tantalising glimpse of the magnificent collection of oils, watercolours, drawings, prints and books relating to the Middle East, built up over the past 20 years by Rodney Searight. Instead of the more usual chronological or thematic arrangement, this exhibition takes the form of two tours of the area, aided by simple maps: the first begins in Spain and travels through North Africa, Egypt, Palestine and Syria; the second sets off from the Balkans and journeys through Turkey to the more remote Caucasus, Persia, Iraq and eventually the Arabian Peninsula.

Our guides are the European (mainly English) artist travellers, both professional and *amateur*, who visited these countries, either for their own purposes or in company with diplomatic or archaeological expeditions. With pencil and brush they conjure up vivid impressions of the landscape and people of each region — mountainous terrains, famous *ruins*, *colourful costumes*, strange customs, political intrigue, and even their means of travel, be it camel or coach.

European fascination for the Middle East stretches at least as far back as the Crusades, but travel for other than religious reasons did not become common until after Napoleon's invasion of Egypt and the subsequent examination of its antiquities. Beforehand, artists such as William Pars, had accompanied scholarly expeditions to the classical monuments of Asia Minor and Palestine but the remoter sites of Petra and Abu Simbel were rediscovered only in the early years of the 19th century.

By the middle of that century "first class" travel by coach across the desert from Suez to Cairo was available—amusingly depicted in a lithograph c. 1845—and the overland route to India was under way—a lithograph, published 1846-49, after a David Roberts drawing, shows Colonel Campbell, the British Consul General at Alexandria convincing Mohammed Ali Pasha, Viceroy of Egypt, of the benefits of the route.

The 14th century mosque of Sidi el Haoui, Tlemcen, by S. Fabrizi, 1881

A steady stream of books published in Europe during the 19th century testifies to a lively interest in the Middle East, *and the demand for illustrations* provided employment for artists such as William Bartlett, Thomas Allom, William Page, the Maltese Count Amadeo Preziosi and many others. Well-known artists like David Wilkie, David Roberts, William Muller and J. F. Lewis exhibited Middle Eastern subjects at the Royal Academy and elsewhere. Watercolours by these artists appear here, but, without doubt, the strength and originality of the exhibition lies in its diversity both of subjects depicted and of the type of artists represented.

In contrast to Lewis' sophisticated watercolour, *Scene in a Cairo bazaar—a doubtful coin?*, is the delightfully simple *Rat d'Egypte apellé en Arabe Gerbouh* by Jean-Baptiste Adanson, French Consul in Egypt 1775-85.

Several intrepid lady amateur artists visited the area: in 1857 Maria Harriet Mathias went as far afield as the Gulf of Akaba recording the crusader castle on Ile de Graye in delicate shades of pink and blue watercolour. The remarkable Prisse d'Avennes who visited Egypt regularly from 1826 until his death in 1879 demonstrated the diversity of his interests in a watercolour of a half-naked Nubian girl which includes Egyptian hieroglyphics, a Roman inscription, one of the Nile cataracts and a group of ibis. Naval officers too could be competent draughtsmen as Captain Robert Moresby of the East India Company proves in his series of watercolours for a survey of the ports of the Arabian peninsula.

An informative catalogue, written by Rodney Searight and produced by the Talbot Rice Centre in Edinburgh, where the exhibition was first held, is available.

BRIONY LLEWELLYN

Song of the Lion

BY ANTHONY CURTIS

Last Thursday was Gala Night at the *Westminster* Theatre. The occasion was the return of *Song of the Lion* Daniel Pearce's play for solo actor and puppets based on the life and work of C. S. Lewis. Hugh Manning impersonates C. S. Lewis and Jennifer Carey is in charge of the puppets who perform scenes from the Narnia stories and the Screwtape Letters. They materialise every now and again from within a wardrobe in the scholar's room designed by Stephanie Howard. The director is David William who was a contemporary of your correspondent at the university where Lewis spent much of his life as a don in the English school. We must have sat at Lewis's feet together listening to him expatiate on the Copernican universe as a way back to *Paradise Lost*.

Both Mr. William and I can therefore attest that Mr. Manning does not look or sound the least bit like Lewis. Lewis's voice had a rich lingering woodwind timbre, and he was never acrimonious as Mr. Manning frequently becomes. His emphasis was subtly pedagogic to imprint his point on your mind. Lewis spoke as he wrote—Ken Tynan who was a pupil of Lewis's once said—in italics.

Nor was he a neat dresser like Mr. Manning who wears a leather-patched fawn sports jacket which might have been the pressed ancestor of the one sported by Lewis. If I might adapt P. G. Wodehouse (one of the few modern authors Lewis read and enjoyed, Auden was another), while in appearance you could not describe Lewis as unkempt, he was certainly not kempt. Mr. Manning is decidely kempt.

Departures from verisimilitude on this level are not particularly important, and not likely to worry most of the audience. What matters is, has the spirit of the man and the temper of his remarkable intellect been caught? Up to a point it has. The first half deals with his conversion to the Christian faith which occurred before the second world war when he was a fellow of Magdalen College, Oxford; the second with his surprising marriage to Joy Davidman, an American Jewish divorcée with two young sons. She died of cancer a few years later leaving Lewis in a condition of agonised bereavement.

Lewis's progress toward, and regress away *from*, conversion provides Mr. Manning with a clear dramatic goal and he gives some impression of Lewis's intense rationality alternating with his love of the dark forces of Norse legend. The puppet scenes work charmingly providing playful reinforcement to the points made by the actor. It is when we reach Lewis's marriage that doubts about the whole operation begin to arise. The relation with Joy was so odd and so complex that it can hardly be dealt with adequately in this form.

After the performance on Thursday, which was most warmly received there was a reception at which the Reverend Walter Hooper, who has done such sterling work on Lewis's manuscripts, made a short amusing speech. He described how, taking tea with Lewis in the early days of their relationship, he asked eventually if he could be shown the bathroom. Lewis promptly took him to the College bathroom and left him with towels and taps running. Eventually Hooper returned explaining what he really wanted was the lavatory. "That'll teach you to use silly American expressions," laughed Lewis. Here was a perfect instance of Lewis's methods as a teacher and disputant. To accept the pupil or antagonist on his own terms and in so doing demonstrate the absurdity of his position. It was much more of that Lewis that we needed to have in the show.

Sequeira Costa

BY DAVID MURRAY

The cultivated finish of Sequeira Costa's playing might be heard to still better advan*tage in the Wigmore Hall, for* it is allied with unusual dramatic restraint. Under his hands the piano never seems an instrument of aggression, even in a big Romantic and post-Romantic programme like the one he offered in the Elizabeth Hall on Thursday. Everything is immaculately tidy, and full of light energy; points are made and gestures shaped with extreme discretion, true to a chosen modest scale. There is no lingering, and little expansiveness.

In that vein, his account of Chopin's B minor Sonata made a fascinating study. Scarcely any rubato, though the Largo was most tenderly spelled out; extreme fleetness and a temperate manner in the other movements; though that did not exclude a kind of detached excitement in the Rondo. Busoni's grandiose transcription of the Bach D minor Chaconne was expounded with similar cool delicacy (and some very odd fluctuations of tempo).

A year ago Costa delivered Ravel in this hall with stylish brilliance. His *Gaspard de la nuit* this time was more idiosyncratic: a very quick "Ondine," a-glitter with fingers rather than glowing with washes, and an edgily taut "Gibet" with doubtfully altered dynamics. Perhaps Costa finds Ravel's flirtation with Lisztian theatre unsympathetic—"Scarbo" flashed by without much sense of imminent danger. But he warmed palpably to Albeniz's *Ibéria* pieces: each of the three he chose teemed with life and wit, rendered in iridescent colours. Here at last the pianist's feelings showed, to proper and satisfying effect.

Peter Gill to direct Turgenev and Molière at the National

Peter Gill's first two productions for the National Theatre are to be Turgenev's *A Month in the Country*, translated by Isaiah Berlin, and Molière's *Don Juan*, translated by John Fowles.

Turgenev's play is to open in the Olivier Theatre on February 19 while *Don Juan* opens in the Cottesloe in April.

Prior to *Don Juan*, *The Ticket-of-Leave Man* by Tom Taylor will be staged in the Cottesloe, opening on February 12 for a six-week run.

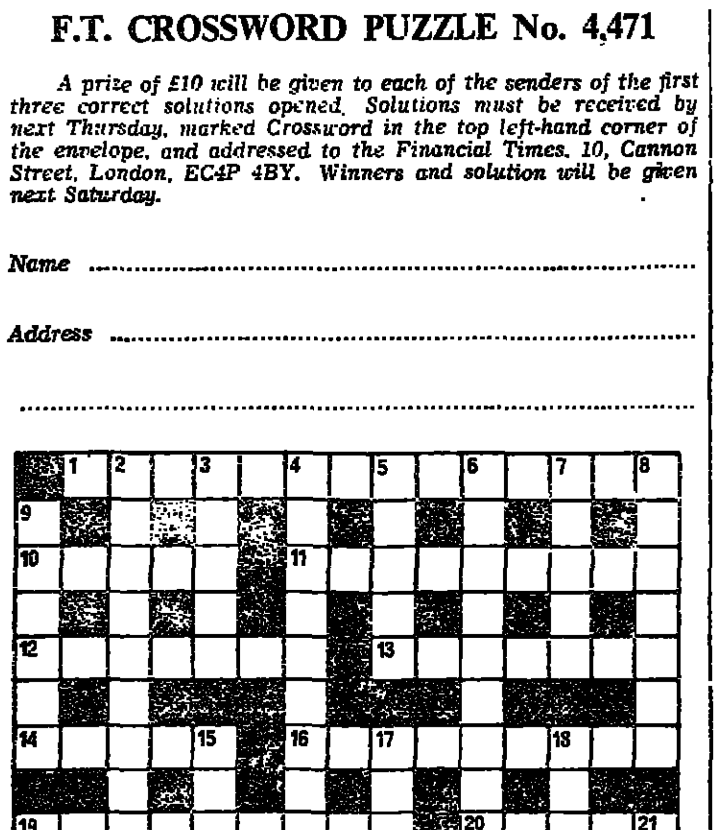
F.T. CROSSWORD PUZZLE No. 4,471

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

....



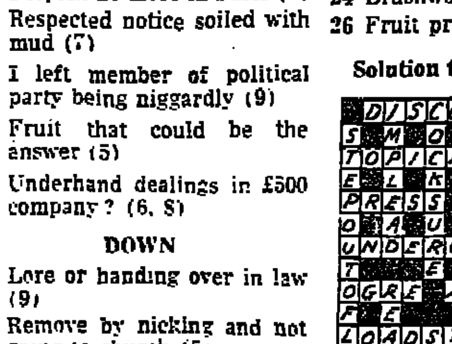
ACROSS

1 Model servant making a cornet (8-6)
10 Pamphlet describing motoring organisation in race (5)
11 Eliminate a point for clarity (9)
12 Mixed in ether? Not at all! (7)
13 Planner gets system right (7)
14 Feature article in pottery (5)
16 Fruit that is fashionable within pub (9)
19 Box and hold back with a word of hesitation (9)
20 One who gives fellow gold (5)
22 Perplex no more in Paris (7)
25 Respected notice soiled with mud (7)
27 I left member of political party being niggardly (9)
28 Fruit that could be the answer (5)
29 Underhand dealings in £500 company? (6, 8)

DOWN

2 Lore or handing over in law (9)
3 Remove by nicking and not going to church (5)
4 Prove, however sure (9)
5 Prepare chicken and add seasoning (5)
6 Grovelling in soil brought up (9)
7 He appears in spirit but also in tears (5)
8 Book a substitute (7)
9 Concerning races involved in the start of course (6)
15 Within reach and legally valid (9)
17 Glasses found at bottom of ship (9)
18 Unusually amusing or just a dunce (9)
19 Carefully study company and verify in total (7)
21 Animal producing rubbish around lair (6)
23 Textile fibre from phenyl only (5)
24 Brushwood to wash (5)
26 Fruit produced from 28 (5)

Solution to Puzzle No. 4,470



TV/Radio

BBC 1

† Indicates programme in black and white

9.05 am Horseback. 9.30 Multi-coloured Swap Shop. 12.12 pm Weather.
12.15 Grandstand: Football Focus (12.20); Racing from Ascot (12.50, 1.25, 2.00); World Cup Ski-ing (1.10); Rugby Championship Preview (1.45); Rugby Union: Wales v England (2.20); and at 4.00 France v Scotland from Parc des Princes; Darts (4.20); 4.40 Final Score.
5.10 Doctor Who.
5.35 News.
5.45 Sport/Regional News.
5.50 The Dukes of Hazzard.
6.35 Jim'll Fix It.
7.10 Nanny.
8.05 The Dick Emery Show.
8.40 News and Sport.
8.55 Dallas.
9.45 Parkinson.
10.45 Saturday Film: "The Man Who Loved Cat Dancing." starring Burt Reynolds.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales — 5.45-5.50 pm Sports News Wales. 12.45 am News and Weather for Wales.

Scotland—1.55-4.20 pm Rugby Union (part of "Grandstand"): 1.55 France v Scotland: commentary on the whole match: and at 3.30 Wales v England (recorded highlights). 4.55-5.10 Scoreboard (1). 5.45-5.50 Scoreboard (2). 12.45 am News and Weather for Scotland.

Northern Ireland—5.00-5.10 pm Scoreboard. 5.45-5.50 Northern Ireland News. 12.45 am News and Weather for Northern Ireland.

England—5.45-5.50 pm (South-West only) Saturday Spotlight.

BBC 2

10.35-11.00 am and 11.25-12.05 pm Open University.
2.50 The Sky at Night.
3.15 Play Away.
3.40 Saturday Cinema: "Pin-up Girl," starring Betty Grable.
5.00 Did You See . . . ?
5.35 Darts: Embassy World Professional Championships.
7.10 News and Sport.
7.25 Rugby Special: Wales v England and France v Scotland (highlights).
8.15 Film International: "Love On The Run," starring Jean-Pierre Léaud.
9.45 Sons and Lovers.
10.40 Arena.
11.30 News on 2.
11.35 The Old Grey Whistle Test.
†12.15 am The Outer Limits.

LONDON

8.35 am Sesame Street. 9.35 Chopper Squad. 10.30 Tiswas.
12.30 pm World of Sport: 12.35 On the Ball: 1.00 International Sports Special (part 1): World Cup Ski-ing: 1.15 News; 1.20 The ITV Seven from Newcastle and Market Rasen; 3.10 International Sports Special (part 2): American Football; 3.50 Half-time Soccer Round-up: 4.00 Wrestling; 4.50 Results Service.
5.05 News.
5.15 Search For A Star.
6.05 Punchlines!
6.35 3-2-1.
7.35 "Carry On Henry," starring Sidney James, Joan Sims and Kenneth Williams.
9.15 News.
9.30 The Professionals.
10.30 The Big Match.
†11.30 "Grip Of The Strangler," starring Boris Karloff, Jean Kent and Elizabeth Allan.
12.50 am Close: Personal Choice with Richard Easton.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am The Beachcombers. 9.35 Rocket Robin Hood. 10.15 Mystery Island. 10.30 pm Match of the Week: highlights from three of today's top football games plus commentary on the main league match. 11.30 The Stanley Baxter Season. 12.30 am The Late Debate: "Are Christians too permissive?"

ATV

9.10 am Simply Sewing. 9.35 Babylon. 10.00 The Fantastic Four. 10.30 pm Star Soccer: Highlights of three top matches including a major first division match from the Midlands. 11.30 Quincy.

BORDER

9.10 am Simply Sewing. 9.35 Babylon. 10.00 Alright Now. 10.30 pm Scotsport.

CHANNEL

5.16 pm Puffin's Pla(i)ce. 11.30 Quincy.

GRAMPIAN

9.10 am Simply Sewing. 9.40 Sesame Street. 10.30 pm Scotsport. 12.00 Reflections. 12.05 am Barney Miller.

GRANADA

9.15 am Doctor! 9.40 Babylon. 10.05 Bailey's Bird. 10.30 pm Match Night: Soccer action from the afternoon's fixtures in the North-West. 11.35 For Adults Only: Stuart Gillard in "Why Rock the Boat?"

HTV

9.10 am Babylon. 9.35 Doctor! 10.00 The Undersea Adventures of Captain Nemo. 10.05 Batman. 5.13 pm HTV News. 11.28 HTV Report Sports Headlines. 11.30 Hagen.

HTV Cymru/Wales—As HTV West except: 6.05-6.35 pm Ras Sgwar.

SCOTTISH

9.10 am Simply Sewing. 9.35 Cuir Car. 10.05 The New Fred and Barney Show. 10.30 pm Scotsport (including Curling). 12.00 Late Call. 12.05 am Barney Miller.

SOUTHERN

9.00 am Sesame Street. 10.00 Clapperboard. 10.27 Regional Weather Forecast. 11.30 pm Southern News. 11.35 The Stanley Baxter Season.

TYNE TEES

9.00 am BJ and the Bear. 9.50 Walt Disney Classic. 10.10 Saturday Morning Movie: "The Heroes of Telemark," starring Kirk Douglas and Richard Harris. 5.14 pm North East News. 10.30 Shoot! 11.40 Doctor Down Under. 12.10 am Three's Company.

ULSTER

9.15 am Doctor! 9.40 Play Squash Jonah's Way. 10.05 Cartoon Time. 10.20 Sesame Street. 11.20 Tarzan. 5.00 pm Sports Results. 5.13 Ulster News. 9.29 Ulster Weather. 11.30 Bedtime.

WESTWARD

9.30 am The Adventures of Niko. 9.55 Look and See. 10.00 Fangface. 10.25 Gus Honeybun's Birthdays. 12.27 pm Westward News. 5.16 Scoreline. 7.35 Westward News. 11.30 Quincy. 12.25 am Faith For Life. 12.30 West Country Weather, Shipping Forecast.

YORKSHIRE

9.00 am Simply Sewing. 9.25 Spiderman. 9.40 240-Robert. 10.30 pm The Big Game: Highlights from a top local game, plus action from two other big matches. 11.30 S.W.A.T.

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.03 Playground. 8.00 Tony Blackburn with Junior Choice. 10.00 Steve Wright. 1.00 pm Adrian Juste (S). 2.00 A King in New York (S). 2.05 Paul Gambaccini (S). 4.00 Walters' Weekly (S). 5.00 Rock On (S) including 6.31 In Concert featuring Cheap Trick.

RADIO 2

5.00 am News Summary. 5.02 Tom Edwards (S). 8.06 David Jacobs presents Star Sounds (S). 10.02 Pete Murray's Saturday Show (S). 12.02 pm The Magic of . . . Stanley Black (S). 1.02 The Impressionists. 1.30 Sports On 2: Rugby Special (1.30, 2.00, 2.30, 3.05, 3.30, 4.50, 5.25 Wales v England plus news of France v Scotland): Football (1.30, 2.15, 3.00, 3.45, 3.55, 4.42, 5.50): Racing from Ascot (1.30, 2.05): Tennis (1.30, 2.20, 5.35, from Madison Square Garden, New York): 5.00 Sports Report including 5.00 Classified Football Results. 5.25 Rugby Round-Up/Tennis Report. 5.45 Classified Racing and Football Results. 6.03 European Pop Jury. 7.02 Beat The Record. 7.30 Big Band Special (S). 8.02 Country Greats in Concert (S). 10.02 Nordring Rendezvous from Finland (S). 11.02 Sports Desk. 11.10 Tom Browne with The Late Show (S), including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.15 Bandstand (S). 11.45 Diversions (S). 1.00 pm News. 1.05 Early Music Forum (S). 2.00 Play It Again (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 The Classical Guitar (S). 7.10 Vanity of Vanities (S). 8.00 English Chamber Orchestra Concert part 1 (S). 8.50 The Pukey (short story by Nigel Dennis). 9.10 Concert, part 2 (S). 9.40 A Haydn String Quartet (S). 10.00 The Organ Music of Olivier Messiaen (S). 11.00 News. 11.05-11.15 Music for Glass Harmonica by Mozart (S)

VHF Only—Open University—7.15-7.55 am.

RADIO 4

6.25 am Shipping Forecast. 6.30 News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather; Programme News. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's A Bargain. 7.55 Weather; Programme News. 8.00 News. 8.10 Sport On 4. 8.45 Today's Papers. 8.50 Yesterday In Parliament. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week In Westminster. 10.30 Daily Service (S). 10.45 Pick of the Week (S). 11.35 From Our Own Correspondent. 12.00 News. *12.02 pm Money Box. 12.27 The News* Quiz (S). 12.55 Weather; Programme News. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News. 2.05 Wildlife. 2.30 The Good Soldier Svejk by Jaroslav Hasek (S). 3.25 International Assignment. 3.55 Tales From The Dark Continent. 4.40 Profile. 5.00 Alternative Medicine. 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Programme News. *6.00 News. 6.15 Desert Island Discs* with Princess Margaret, Countess of Snowdon. 6.55 Stop The Week with Robert Robinson. 7.35 Baker's Dozen (S). 8.30 Saturday Night Theatre: "The First Men in the Moon," by H. G. Wells. 9.58 Weather. 10.00 News. 10.15 Come, Let's To Bed, Says Sleepy-Head. 11.00 Lighten Our Darkness. 11.15 A Small Country Living. 11.45 The Armchair Traveller. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 7.32 Good Fishing. 8.00 News, Weather, Traffic, Sport. 8.15 Weekend What's On. 8.30 Bob Powel's London Country. 10.03 Stuart Colman's Echoes. 11.30 The Robbie Vincent Show. 2.00 pm Time Off. 3.00 The Services Folk Competition. 4.00-6.00 am Join Radio 2.

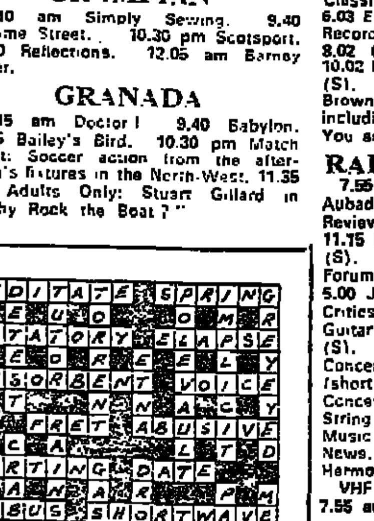
London Broadcasting

7.00 am AM—Des Fahy. 10.00 Jellybone. 12.00 LBC Reports. 1.00 pm Sportswatch. 6.00 LBC Reports. 7.00 Geet Mala. 8.00 Network. 9.00 The London Interview. 10.00 Nightline. 1.00 am Night Extra. 4.00 Hayes on Sunday. 4.30 Decision Makers. 5.00 Morning Music.

Capital Radio

6.00 am John Sach's Breakfast Show. 9.00 Countdown with Peter Young. 12.00 Dave Cash's Cash Country. 2.00 pm Duncan Johnson's Afternoon Delight. 5.00 Greg Edwards's Soul Spectrum. 8.00 Nicky Horne's Six of the Best. 11.00 David Rodigan's Roots Rockers. 1.00 am Richard Allinson's After Midnight.

Solution and Winners of Puzzle No. 4,465



Miss C. J. Abele, 75 Inverna Court, London, W.8.

Miss E. Ilsley, 20 Kelynmead Road, Kitts Green, Birmingham.

Mr. L. Wilkes, 20 Burrow Hill, Plymstock, Plymouth, Devon, PL9 9LE.

TV RATINGS w/e Jan. 11

U.S. TOP TEN (Nielsen ratings)

1	Dallas (drama) (CBS)	35.0
2	60 Minutes (news) (CBS)	28.4
3	Dukes of Hazzard (comedy) (CBS)	26.4
4	Love Boat (comedy) (ABC)	24.9
5	MASH (comedy) (CBS)	24.4
6	Alice (comedy) (CBS)	24.1
7	Jeffersons (comedy) (CBS)	24.1
8	One Day at a Time (comedy) (CBS)	23.7
9	Archie Bunker's Place (comedy) (CBS)	22.9
10	Three's Company (comedy) (CBS)	22.6

CHESS SOLUTIONS

Solution to Position No. 354

(a) White won by 1 K-B7, K-R3 (or if 1 . . . R-KR8; 2 N-Q5, P-R7; 3 N-B6 and 4 R-N6 mate); 2 K-N8! and Black has to give up his rook to avoid R-N6 mate (b) Yes — without the pawn Black could draw after 2 K-N8 by 2 . . . R-KN8! when 3 RxR is stalemate.

Solution to Problem No. 354

1 Q-QR1, K-Q3; 2 Q-R5, K-K2; 3 Q-B7 mate. If 1 . . . K-B5; 2 Q-K1, K-N4; 3 Q-N3 mate.

COLLECTING

Fantastic fans of fortune

BY JANET MARSH

FANS as collectors' items have fluctuated in price and popularity. The first great era of collecting them was the last quarter of the 19th century—when a surge of nostalgia for 18th century elegance coincided with the fashion for flamboyant ostrich feather fans. The 1880s saw prices for antique fans reach a peak from which they were to fall sharply in the early years of this century, despite a renewal of interest in the 1920s and 1930s.

The past decade, however—a period perhaps more obsessed with collecting than any previous time in history—has seen a new rise in enthusiasm and prices. A distinct watershed can be traced to a sale at Christies South Kensington in July, 1976, when a small but fine collection formed almost a century before was dispersed and an 18th century French fan reached a record price of £950.

If fan collecting has its ups and downs, the fan itself is of great antiquity and unbroken history. As Susan Mayor says charmingly in her recent book *Collecting Fans* (Studio Vista—Christies South Kensington Collectors Series, £6.95): "Fans are as old as hot weather." The ancient Egyptians used them; they extend back to the beginnings of recorded Chinese history.

The earliest surviving Western fan, presented to the Basilica of St. John the Baptist at Monza, near Milan, by Theodolind Queen of the Lombards in the 6th century, has very much the form that the folding fan retains to this day. Certainly the 27 fans that Queen Elizabeth left at her death, as we know from her portraits, would have looked perfectly familiar to us.

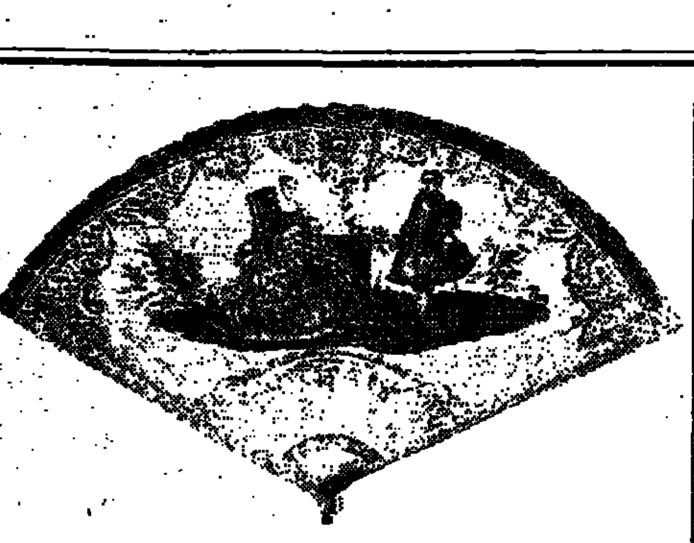
Exquisite painted fans survive from the 17th century, but the collector is more likely to find examples from the 18th century. The artists who decorated them are almost without exception anonymous, though they produced work of great charm and sophisticated technique.

The painting might be applied directly to the broad sticks—usually in ivory—of the *brisé* style of fan, or painted on separate "leaves" which were then mounted on sticks. The "leaf" might be of paper, fine chicken skin or the rather less durable silk. Inserts of transparent mica, or spangles and jewels might be applied to leaf, sticks or covers of the more elaborate fans.

Paradoxically painted fans, simply because they were more costly and more precious, have survived in greater numbers than the printed fans that were produced, from the early part of the 18th century, for a more popular market.

Susan Mayor's book, though it is pretty enough to be a small-scale coffee-table delight, has a concentrated and diligent text, documenting types, development and nationality of fans. The conscientious record of auction prices, inevitably and unfortunately, serves more as a chronicle of inflation and rising prices than a realistic guide to values.

Miss Mayor demonstrates how fan designs reflect changes in taste, passing through rococo, *chinoiserie*, classical and gothic phases or crazes. They also reveal national preferences. Fans were evidently useful export goods in the 18th century, and the exporters so accurately gauged the tastes of their customers that it is sometimes difficult to distinguish, say, a native Spanish painted fan from one made in France for the Iberian market.



Ivory brisé fan, painted and laquered and with a white metal handle. Circa 1740 it is to be sold at Christie's on January 20

Printed fans especially—perhaps being more ephemeral in their intention—tended to depict contemporary and documentary subjects. Miss Mayor illustrates political caricatures and topographical scenes, though one of the most charming is a masquerade fan, bearing a mask head with cut-out eyes, flanked by little vignettes of a fan shop and a music shop.

"The New Opera Fan"—produced perhaps annually in the 1780s—was printed with a seating plan of the opera house, with the names of the ticket subscribers, presumably to permit the fair user surreptitiously to identify any member of the audience who took her fancy. Other fans bore religious subjects, more seemly, one supposes, for church, where fans were regularly used.

Ballooning subjects, Miss Mayor warns, are so eagerly sought by collectors that they are a field not recommended to newcomers. Nor, on account of their rarity, does she advise specialisation in such subjects as mica fans (Christie's have only ever sold two) or early printed fans. Early novelty fans, arranged so that by flicking the fan in the opposite direction different paintings will appear, or containing various ingenious moving parts, are also likely to be both elusive and costly.

Richer fields, she suggests, are 18th century lace, *trompe l'oeil* or early commemorative fans, or "cabriolet" fans, with their characteristic style of two separate arcs of leaf radiating on the sticks. If the aim is simply to have a large and pretty collection, there are attractive 18th century fans of lesser importance, or 19th century lithographic printed examples.

Christie's—which are the main specialists in the field: Susan Mayor is their expert—have a particularly attractive sale on Tuesday, of a single collection of some 100 fans, practically all painted and from the 18th century. The most important item is an early 18th century ivory *brisé* fan gaily painted with Don Quixote and the puppet show. Its price may well touch four figures.

Have some Madeira, m'dear

TRAVEL

LEILAN YOUNG

Typical oxen-drawn sleigh in Funchal

"DO YOU WANT more passion?" asked the waiter at the Savoy hotel in Madeira. The passion offered was delicious, fresh, passion-fruit juice at breakfast, a perfect time to relish the little island's marvellous fruits: custard apple, banana, guava, mango, and even "undressed" avocado.

This small, volcanic, sub-tropical island is a part of Portugal, 500 miles off the north-west coast of Africa, a place of lush forests, mountains, and an Atlantic coastline studded with charming fishing villages. Brilliantly coloured flowers, vines and fruit trees show among the terraced mountain slopes, and the capital Funchal, is set on a superb bay with a dramatic backdrop of mountains.

Driving along the north coast you see magnificent views from the corniche, can wash your car under waterfalls tumbling into the dark road tunnels, and enjoy a meal of espada (black scabbard fish) and local wines at 46 pence a bottle at Seixal's restaurant by the sea.

Other spectacular drives are to Monte—where tourists ride at a furious pace in basketwork toboggans and are steered down precipitate cobbles by two athletic locals—and to Eira do Serrado, an extinct volcano with a village in the crater. The drive from Funchal to Camacha, hub of the wickerwork industry, gives views of the capital from the mountains.

Everywhere there are cows, but you'll rarely see one for they live in thatched huts, such is the scarcity of arable land.

More Britons than mainland Portuguese, or anyone else, visited Madeira last year. The island is a special favourite of nature lovers and ramblers. The tourist office publishes an excellent booklet of graded walks in woodlands and mountains where the buzzards, kestrels, terns and long-toed pigeons live, and along the *levadas*, or irrigation channels, which criss-cross the island.

Madeiran hotels are far from the eye-sores which hotels are in some sea and sun resorts. I travelled with Sovereign Holidays and chose the Savoy, a 15-minute walk from the main shopping street. The public rooms are grand, and the meals above average in a dining room which can serve 1,000 guests. A friend chose Reid's, one of the stateliest hotels in the world, full of charm and with near-perfect service, magnificent gardens, and sweeping clifftop views over the bay and three competitors: the Savoy, Sheraton, and Casino Park with its new casino. These hotels all have fine swimming pools.

My friend reckoned her Sovereign holiday at £290 for seven nights half-board in November great value for money, but the comfortable and handsome Savoy is much cheaper than Reid's in summer. For the budget conscious, the Do Mar is a new hotel for self-caterers, and offers clean flatlets, shops, swimming pool and a restaurant.

Madeira has only one sliver of sand near the eastern tip, but at the fishing village of Machico is a small shingly beach and two hotels which can be booked through Enterprise Holidays — the luxurious Atlantis where each twin bed is a double, and the Dom Pedro which specialises in deep-sea fishing, skin diving courses, and water-skiing.

Thirteen miles away by Twin Otter is the little island of Porto Santo with a superb four-mile sandy beach and a spring supplying mineral waters. A night at the four-star hotel in winter was peaceful (about £21 for two including breakfast, meals about £5 per person). Air bookings (about £8.50 return) and hotel reservations are essential.

No-one should leave Madeira without trying grilled or butter-cooked espada, red mullet, and garlic bread. The best fado—the folk music of a solemn people—is at Marcelino's in the old town. Best buys are exquisite hand-embroideries, basketware, Madeira wines, and flowers. The florists will pack a box of orchids and exotic Bird of Paradise flowers and the airline flies them back for Sovereign and Enterprise clients in a special hold so that, some four hours later, they arrive as fresh as they leave Madeira.

Further information: Portuguese National Tourist Office, New Bond Street House, 1 New Bond Street, London W1.

When the snow is at its best

SKI-ING

ARTHUR SANDLES

JANUARY snow at its best is superb and this week in Switzerland's Valais region it has been just that. If there is one message from today, it is simply—come on over, the snow is fine.

As usual, this winter's early snow falls have been geographically erratic. In Europe, Switzerland's slopes have done well but parts of Italy have had shortages. In the U.S. the East Coast had a good start to the season but the Rockies did badly.

January's low temperatures and short days have given the month a bad reputation. However, both factors mean that the snow is often light and dry, and that is just how it has been this week where I have been skiing in the Valais.

Early heavy snows have given the region a deep base—there is at least three feet of snow on my hotel balcony—and on to this has fallen the occasional nightly showers of powder that makes the ski conditions so remarkable.

It is the confusion of deep snow with powdered snow that gives powder a bad image to those who have never really skied it. True powder is fluffy, light and extremely easy and exciting to ski.

This column has discussed powder skiing before, but a guide in Anzere gave me another tip this week which proved useful. To get into the right rhythm to make those much envied snake tracks down a virgin mountain side, make the first couple of turns with exaggerated lightness, really lifting the skis out of the snow. After that ease back on the effort and the turns come smoothly and encouragingly.

Anzere, by the way, is a modern purpose-built resort, but constructed in traditional Swiss alpine style — refreshingly different from some of the French prison-style compounds. It has a quiet, traffic-free, village atmosphere. Not a place for determined night owls perhaps, but very pleasant for families.

The skiing is largely of an intermediate standard. There is not much in the way of nursery slopes or of really nasty black runs to set the heart pounding. The one alleged black run in Anzere would be regarded as only dark red in somewhere like St. Anton or Val D'Isere. The recreational skier will find, however, mile after mile of good long intermediate pistes.

Thomas Cook is the only British tour operator serving Anzere at the moment.

Although late February remains my favourite ski time, the conditions of the past few days have convinced me that that there is something to be said for despised January. Not least is the freedom from those dreadful bands of school children who cause such chaos in the lift queues and on the slopes at other times of the year. Now the little terrors are at their school desks.

SNOW REPORTS

EUROPE

Villars (Sw.)	120-170cm	New snow on good base.
Davos (Sw.)	110-220cm	Fresh snow, cold and windy.
Saas-Fee (Sw.)	40-100cm	Heavy snowfalls.
Zermatt (Sw.)	60-130cm	New snow on good base.
Andermatt (Sw.)	150-300cm	One run open. Strong winds.
Flaine (Fr.)	130-410cm	Avalanche danger. Lifts closed.
Isola (Fr.)	30-70cm	Piste skiing generally good.
Sauze d'Oulx (It.)	24-50cm	New snow on hard base.
Seefeld (Aus.)	110-190cm	New snow on good base.

European reports from Ski Club of Great Britain representatives.

THE U.S.

Sugarbush (Vt.)	10-38ins	Packed powder. 50 runs open.
Stowe (Vt.)	6-36ins	Packed powder. 31 runs open.
Hunter (NY)	30-80ins	Machine made powder. 36 runs.
Park City (Utah)	4-23ins	Icy patches. 22 runs open.
Aspen (Col.)	4-21ins	Packed powder. All runs open.
Squaw Valley (Calif.)	0-9ins	Packed powder. Bare patches.

Figures indicate basic snow depths at top and bottom stations.

SCOTLAND

Cairngorm: Some main runs complete, narrow. New snow.
Glenshee: Some main runs complete, narrow. New snow.
Glencoe: Main runs broken. New snow, drifting badly.
Lecht: Main runs clear. New snow. Access blocked.

BRIDGE

E. P. C. COTTER

THE "NOW!" International Bridge Pairs Championship will be held at the Hyde Park Hotel from Thursday, January 22 to Sunday, January 25. There will be one session at 8 pm on Thursday and Friday, two sessions on Saturday at 2 pm and 8 pm, and a final session on Sunday at 2 pm. Tickets, £3 per session or £12 for the five sessions.

Good defenders must get full value out of their trumps if they are to defeat those contracts which at first sight seem impregnable. Let us discuss the Uppercut, that most expressive term for a type of trump promotion, illustrated in this deal from a team match:

N.
♠ A J 10
♡ 10 8 5 4 2
♢ 9 7 5
♣ K Q

W.
♠ 9 5
♡ A J
♢ A K Q 8 6 4
♣ 10 9 6

E.
♠ 7 6 4 3
♡ 9
♢ J 2
♣ J 7 5 4 3 2

S.
♠ K Q 8 2
♡ K Q 7 6 3
♢ 10 3
♣ A 8

South dealt at game to East-West and bid one heart, West said two diamonds, North raised to three hearts, and South went four. The bidding was identical in both rooms, the play was not.

In room 1 West cashed Ace and King of diamonds and continued with the Queen, on which East discarded a club. The declarer ruffed, crossed to the club Queen, and led the heart two, covered by nine, Queen, and Ace. Winning the club return, South drew the remaining trump, and made ten tricks.

In the other room West cashed King and Queen of diamonds, and then led the four, a clear-cut command to his partner to ruff with his highest trump. West saw that the best hope of breaking the contract was to find East with the trump nine. This would force the declarer to ruff with King or Queen, and leave West with a tenace over South's remaining honour.

In room 1 West's third lead of the diamond Queen did not spell things out so clearly for his partner, but even so East should have ruffed his partner's winner—it could not cost, and might be the winning play.

We turn to Trump Promotion from rubber bridge:

N.
♠ 8 3
♡ J 6 4
♢ K 10 5 2
♣ A K 8 7

W.
♠ A 9 4
♡ 10 3
♢ 9 8 4
♣ J 10 6 3 2

E.
♠ 10 2
♡ A K Q 9 8 5
♢ 7 3
♣ Q 9 5

S.
♠ K Q J 7 6 5
♡ 7 2
♢ A Q J 6
♣ 4

With both sides vulnerable, South dealt and bid one spade, North replied with two diamonds and East came in with two hearts. Encouraged by his fit with his partner's suit, South rebid three spades, and North raised to four spades.

West led the heart ten. East won with the Queen, cashed the Ace, and continued with the Queen. This was ruffed by South with the spade King, and over-ruffed by West with the Ace. Winning the club return, South drew trumps in two rounds, and made his contract.

It is wrong to over-ruff as West did. Suppose your fairy godmother granted your wish that when any declarer led trumps you did not have to follow suit for one round. Wouldn't you be a difficult opponent to beat? Well, when you have been given the same opportunity without recourse to supernatural means, why not take advantage of it?

If West discards a club at trick three, the contract is defeated, because the defence make two trump tricks. I know it depends upon finding East with the trump ten—but it costs nothing to try. To over-ruff in such situations is almost always wrong.

CHESS

LEONARD BARDEN

Any recognised strong chess player, be it at club, county, national or world level, sooner or later encounters opponents who aim only to draw with the white pieces. The technique may be to block, to simplify, or to keep the position symmetrical — in every case the desired product is half a point.

Books say that this approach is too passive. True, but the man playing for the half point is often experienced and competent. If he adopts a drawing style and gets away with it frequently, he acquires a reputation and opponents ask themselves: is it really worth sweating for several hours to exploit my small edge — probably unsuccessfully — when I can have a half point for the asking and a rest before my next game with White?

Thus the drawist often has psychology on his side. There are two effective ways to combat him. One is to aim for unbalanced, double-edged positions where the players are attacking on opposite sides. It can be worth accepting a slightly inferior game to achieve such situations and bring the drawist on to unfamiliar and unwelcome ground.

The second method is to take him on at his own game: to allow a whole series of simplifying exchanges and then outplay him in the ending.

This week's game, by the new Russian star Kasparov, is a clear demonstration of the winning technique — but it depends on opening finesses which were clearly beyond his opponent's *horizon*.

White: Danailov (Bulgaria). Black: G. Kasparov (USSR). Opening: King's Indian (Junior World Championship 1980).

1 P-QB4, P-KN3; 2 N-KB3, B-N2; 3 N-B3, P-Q3; 4 P-Q4, N-KB3; 5 P-K4, O-O; 6 B-K2(?).

This is normal theory, but still not the right move if White is already planning to exchange pawns. The more promising line is Larsen's system 6 B-K3, when if P-K4: 7PxP, PxP; 8 QxQ, RxQ; 9 N-Q5, R-Q2; 10 NxN ch, BxN; 11 P-B5! R-K2; 12 0-00, N-B3; 13 B-QB4, B-N5; 14 B-Q5 (Larsen-Kavalek, Bugojno 1980). The vital difference between this and the present game is that the white king's bishop is developed actively in the centre rather than penned in behind its own pawns.

6 . . . P-K4; 7 PxP? PxP; 8 QxQ, RxQ; 9 B-N5, QN-Q2; 10 N-Q5, P-B3; 11 N-K7 ch, K-B1; 12 NxB, KRxN; 13 O-O-O, N-B4; 14 BxN, BxB.

White has continued his policy of exchanging at every opportunity, and perhaps now believed that bishops of opposite colours would guarantee him the draw. But the weakness of his Q4, coupled with Black's greater board control and flexiblity, is what really *matters in the positon.*

15 B-Q3, P-QR4; 16 KR-K1, R-K1; 17 B-B1, B-Q1; 18 P-KN3, P-R5; 19 K-B2, B-R4; 20 R-K3, QR-Q1; 21 RxR, RxR; 22 B-R3, P-B3; 23 R-K2, K-K2; 24 B-N2, N-Q6; 25 P-QR3, N-B4; 26 P-KR4, P-KR4; 27 R-K3, P-KN4;

Taking some extra insurance (a passed pawn by P-KR5) in case the central attack by itself is insufficient; but White's game is already close to collapse.

28 PxP, PxP; 29 R-K2, N-N6; 30 K-N1, K-B3; 31 Resigns.

White is movebound, in zugzwang. The threat is 31...P-N5; 32 N-R4, R-Q8 ch; 33 K-B2, R-KN8; 34 R-K3, N-Q5 ch; 35 K-Q3, R-Q8 mate. If White plays 31 K-R2, then N-B8 ch; if 31 R-B2, R-Q1 ch; if 31 K-B2, P-N5 followed by N-Q5 ch; or finally 31 N-K1, R-Q8 ch.

POSITION No. 354

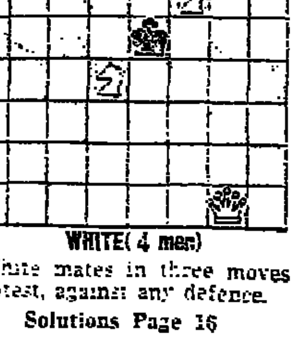
BLACK (3 men)

WHITE (3 men)

Rotlevi v. Fahrni, Carlsbad 1911. King, rook and knight against king and rook would normally be an easy draw for the weaker side. But here there are two special factors: Black's king is badly placed, and he has an extra pawn. The puzzle is twofold: (a) can White (to move) force a win from the diagram; (b) would Black's defence be easier without the pawn?

PROBLEM No. 354

BLACK (1 man)



WHITE (4 men)

White mates in three moves at latest, against any defence.

Solutions Page 16

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Saturday January 17 1981

Facing up to recession

IT IS a comforting cliche that the darkest hour comes just before the dawn, but there is precious little evidence for it; and in the markets the adjustment to current realities continues to be almost uniformly gloomy. This is partly because the news continues dreadful, with more companies in trouble, more heavy redundancies announced, and a further fall in manufacturing output—for the non-oil economy as a whole, activity has now for four months been more than 8 per cent below the level touched in the recession of 1975. It is partly because the market has been remarkably slow to recognise a slump when it sees it.

Flattering

Traditionally, however, a recession has been good news at least for interest rates and the gilts market: but here again sullen depression is the rule. The money supply is still not coming under control—the news of central government borrowing in calendar December has revealed that the December banking and money figures were almost certainly flattering.

A candid but question-begging speech from Mr. Nigel Lawson, Financial Secretary to the Treasury, has only confirmed the gloom. The slump is inflating Government borrowing, and at the same time reducing the cash flow of the investment institutions. So despite the slump, and despite continued good news about inflation—the latest figure is below official expectations, and shows a further sharp slowdown in market-sector inflation — long term interest rates remain near record levels.

What is really spreading, in U.S. as well as British markets, is disillusion with the whole approach known in Britain as Thatcherism and in the U.S., more unflatteringly, as Thatcherisation. The combination of stern monetary policy, attempted tax-cutting, and uncontrollably rising public expenditure is seen or feared as the result, and it makes a deadly brew.

Fever chart

What the financial markets are feeling is the unprecedented financial strain which results, with real incomes and output heading rapidly in opposite directions, huge rises in personal saving and Government borrowing, the most savage inventory cycle in anyone's experience and its strange and unexpected counterpart—a sustained and record surplus in the balance of payments. This surplus, combined with obstinately high interest rates, explains why the exchange value of sterling, which used to be regarded as a symbol of health, now reads more like a fever chart.

How far is the current gloom justified? Mr. Lawson told his audience in Zurich that people are too inclined to overlook the positive aspects of our present situation, and overstress the negative, and there is something in this. The sustained fall in inflation is still partly masked by the use of annual figures, and the inclusion of concealed and misguided "indirect taxes" imposed through charges by nationalised industries and local authorities. Inflation in the private sector over the last six months is now probably down to about five per cent.

The growth of private sector earnings is also easing but the acute compression of profit margins which is now coming home to roost in the equity markets should at any rate ease as the gap between wage and price increases narrows and productivity improves. It should be remembered that an inventory recession by its nature greatly exaggerates the swing in activity, as companies hold production deliberately below the expected rate of sales.

Mismanagement

The present gloom, then, can be reduced to an old, familiar story: when can we exepct the fall in interest rates which will relieve the pressure on borrowers and permit some recovery? It is here that Mr. Lawson's speech has proved a dampener: but this reaction is surely misguided.

The core of his message was that as long as the economy is in slump and wildly out of balance, then excessive public borrowing and excessive growth of broadly defined money is only to be expected: and this is right. No Government can produce smooth statistics out of an economic disruption—necessary in its nature, but made more violent by mismanagement. Mr. Lawson showed a frank understanding of our recent statistical disasters, but was rather less open and less convincing about the promised but unspecified management improvements which are in hand.

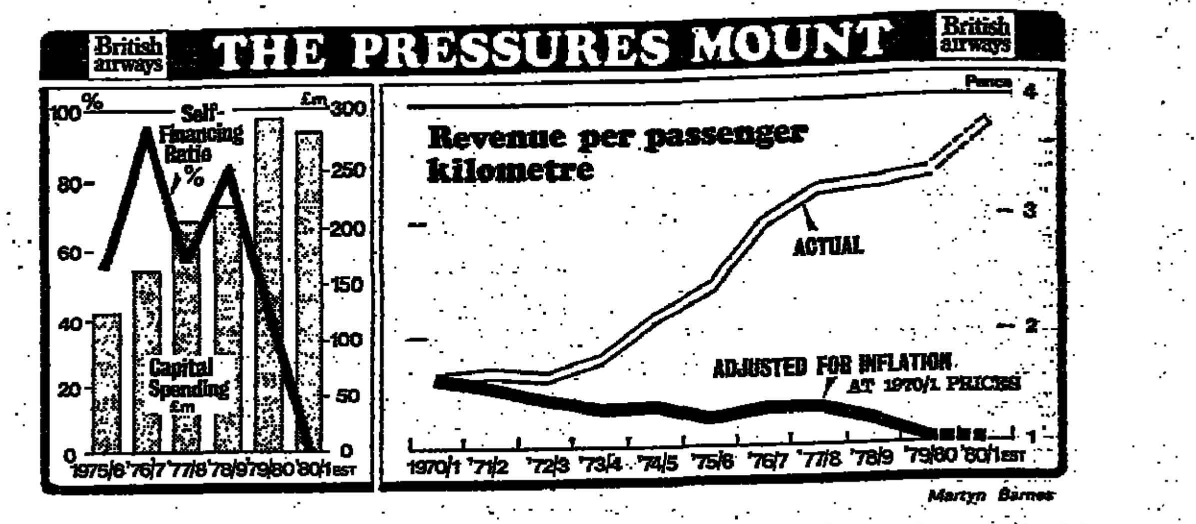
The market rather perversely decided to ignore his sensible message—don't worry about distorted figures—and conclude instead that everything is even worse than it supposed. In this respect, the gloom is overdone. As the slump bottoms, the distortions and strains will be reduced; not yet the dawn, but at least a first glimmer of light.

BRITISH AIRWAYS

The long haul to recovery

By Richard Lambert, Financial Editor

Roger Taylor



Martyn Barnes

Mr. Roy Watts, British Airways chief executive, at Heathrow; (right) the problems he faces

BRITISH AIRWAYS is facing the most severe financial crisis in its history. If the present trends in its balance sheet are allowed to continue, the state-owned airline will before long collide with a towering mountain of debt.

Even on the most optimistic assumptions, there seems little chance that the Tory Government will be able to fulfil its hopes of selling a significant part of the airline's shares to the public during the lifetime of this Parliament. It will take several years to nurse the airline back to financial stability.

These financial pressures lie behind the airline's call for a three-month pay freeze, which has led to the threat of a 24-hour strike by the ground staff at London's Heathrow Airport, and its current very aggressive —some say desperate—marketing strategy.

In addition, the sharp decline in the worldwide market over the last year has forced the group to revise downwards its earlier assumptions about growth in the 1980s. This, in turn, means that it will buy fewer aircraft over a longer period.

The international recession has hit just about all the world's airlines. The International Air Transport Association says that its 106 members together lost nearly $2.65bn (£1.1bn) in 1980. But the impact on British Airways has been compounded in several ways.

In the first place, the airline is more exposed than its major competitors to Britain's ailing economy, since around 45 per cent of its sales are generated within the UK. At the same time, it is a victim of the strength of sterling.

Most important of all the recession has hit British Airways at a time when it is reshaping its whole business to cope with fundamental changes in the airline industry. This stems from the international trend towards the deregulation of fares, and the subsequent swing to high volume/low cost traffic. As a result, it is having to spend substantial sums on more economic aircraft, and is being forced to tackle the shortcomings in productivity left by the merger of BEA and BOAC in 1972.

The result is that in the year ending this March, the airline's revenues are likely to fall short of its original budget by no less than £400m, or about 20 per cent. This is despite the fact that it claims to be maintaining market share on most of its major routes apart from the North Atlantic.

Just over half the revenue shortfall is explained by falling volume. The group had been counting on a 2 per cent rise in passenger traffic during the year—a figure which, according to chief executive Mr. Roy Watts, was considered pessimistic by many competitors. But the outcome is likely to be a fall of nearly 6 per cent on last year's level.

The unexpected strength of sterling accounts for a further £100m or so of the shortfall, and the rest is the result of lower than expected passenger yields. In other words, the airline was not able to get some of the fare increases it had been counting on, and more of its passengers switched to cheaper tickets.

In geographic terms, the biggest shortfall is arising in the Eastern division, which has had to cope with unrest in the Middle East and increasing competition in the Far East. Next comes the Western division, which is locked in a bare knuckle-fight on the North Atlantic, and the UK domestic routes—which are heavily dependent on business traffic and directly exposed to the slump.

The group saw that its targets were going badly adrift early last summer, and the corrective action started then will help to reduce this year's operating expenses to about £170m below budget. Sterling has played a big part here, slimming those bills payable in foreign currencies by roughly £60m. British Airways has also been cutting back on loss-making routes, looking for fuel economies and reducing staff numbers. The total payroll by the end of March could be under 53,000 compared with 56,900 a year earlier.

Yet the group is heading for its first ever pre-tax loss this year—probably of well over £100m, after allowing for profits of roughly £20m on the non-airline activities. This compares with profits of £19.5m last year and £90.4m in 1978-79.

A loss on this scale would exceed the likely depreciation provision, and mean that all this year's capital spending plus part of the interest charge will have to be financed with new borrowing. The original capital expenditure programme of over £400m has been cut by nearly a third, and around £25m has been raised by a series of disposals, including two Boeing 747s and a number of older aircraft.

But overall borrowings are still likely to rise by some £300m, which is why the Government this week announced an increase from £219m to £304m in the group's external financing limit—the maximum amount it is allowed to borrow in any one year.

As a result, total debt will rise to about £800m. The losses could cut the airline's equity base to about £350m, and leave debt accounting for roughly 70 per cent of capital employed, compared with not much more than 40 per cent two years ago. These are not the kind of numbers that the stock market would swallow.

The external financing limit for next year is currently set at a little over £100m, and the group's internal objective is not to increase its borrowing at all in 1981-82. Although the capital spending programme is likely to be cut by a similar order to that of the current year, this would still be a considerable achievement — especially since the airline is not budgeting for any increase in volume over the period. It would require the group to do better than break even before tax—and after paying much increased finance costs, which could well exceed £100m.

The harsh economic climate has already led to a reappraisal of British Airways' aircraft requirements over the medium term. It has already cancelled two TriStars, and is now trying to defer, sell, or lease three new 747s due for delivery in 1981-82. Original projections pointed to the airline carrying 30m passengers in 1986, up from just over 17m in 1980. On that basis, the plan was to spend £2.4bn on new aircraft between 1980 and 1985.

It now seems possible that the 30m target will not be reached until the end of the decade or later, and the current capital spending plan for the same five-year period is down to £1.6bn. The reduction compared with the original programme is equivalent to roughly seven 747s and four TriStars.

However, the cutbacks have been made entirely in spending on extra capacity. If anything the need for heavy investment to replace existing aircraft has become even greater in the last 12 months. Within the original £2.4bn aircraft buying programme, £1bn was designated as spending on replacement as opposed to growth. In the current £1.6bn, the replacement portion has climbed to £1.1bn.

This is because British Airways' business strategy depends heavily on a marked improvement in its operating efficiency over the next few years. In real terms, the yield from each passenger or ton of cargo carried has been declining for years, and the trend has been accentuated by the worldwide movement towards deregulated fares.

To offset lower yields, an airline needs higher volume or lower costs—and preferably both. British Airways has been one of the most aggressive of the established airlines when it comes to setting prices in the new environment.

This approach has been the subject of heated debate, as much within the group as without. British Airways should stick to its last, the critics say, and not get involved in a suicidal struggle with the Lakers of this world.

According to Mr. Watts, such criticism is founded on two great myths. The first is that British Airways is an airline of business, as opposed to leisure, travellers. Last year, under a quarter of its long-haul intercontinental traffic was business-based. On international short-haul, the proportion was 45 per cent. Leisure travel is growing twice as fast as business, and by the mid-1990s only about a fifth of the group's passengers will be on business trips.

The second of Mr. Watts' great myths is the argument that the group could survive by concentrating its efforts on high margin business traffic. Increasing competition, he says, means that all fares are becoming cost-based, which means that the most efficient carrier will get the business.

In the old days, an airline could subsidise its low margin business with the profits made on near-monopoly routes. This is no longer the case.

British Airways claims to be the largest international airline in the world. To retain that position in an era of free competition, it will have to get better aircraft, improve its products and services, and increase its productivity.

Its new 737s are said to offer 30 per cent lower operating costs per seat than the Tridents which they replace, while the 747s are twice as efficient as the VC10s.

Significant changes are being made in the services on offer. This week, plans are announced to withdraw the First Class facility from European routes, which are being used only by 35 out of every 1,000 passengers. In its place comes the Club Class, giving better service to the full economy fare paying passenger coupled with various budget fares in the tourist cabin. Club Class was introduced between London and Paris last April and, says the airline, has been directly responsible for higher revenue on the route this year.

The group also claims success for its drive to improve punctuality. This summer, 72 per cent of flights on the short-haul international network departed within 15 minutes of schedule, compared with only 54 per cent a year earlier.

However, management makes no secret of the fact that productivity remains a big challenge. On the administrative side, for instance, the airline employs about twice as many people per unit of output as the leanest of its international competitors, although the comparisons are less unfavourable in terms of cost, because of Britain's relatively low pay.

Over the longer term, says Mr. Watts, the number of employees needs to come down to around 40,000. The objective is to make the cuts as painlessly as possible, through a combination of restricted recruiting, retraining and voluntary redundancy.

Provided that volume does not fall any further in 1981, and that the expected recovery starts to show through in 1982, British Airways could come out of the recession looking leaner and more efficient. But there is very little financial leeway for error, and there may be some nail-biting moments in the next few months.

THE WORLD'S TOP TEN AIRLINES

(Excluding AeroFlot and Chinese Airways CAAC. Figures in millions)

	REVENUE TONNE KILOMETRE (All services scheduled and non scheduled international and domestic)	PASSENGERS (scheduled flights only, international and domestic)	EMPLOYEES (to nearest 1,000
United Airlines*	6,485	35.3	53,000
American Airlines	6,065	31.0	38,000
Pan American†	6,787	15.8	31,000
TWA	5,256	22.6	36,000
British Airways	4,912	17.1	54,000
Eastern Airlines	4,700	42.8	39,000
Delta Airlines	4,328	40.3	37,000
Japan Airlines	4,192	13.4	22,000
Air France	3,859	10.8	33,000
Lufthansa	3,432	12.8	30,000

NOTES: Top 10 calculated on basis of tonnes flown per kilometre. * United Airlines figures in 1979 affected by strike action. † Pan American and National Airlines have since merged. Pan American (with National Airlines) and Eastern Airlines, and Delta Airlines all took passengers who could not go on United Airlines during the strike in 1979. Air France appears to be smaller than Lufthansa, but its longer stage length should be taken into account. Eastern Airlines and Delta Airlines carried more than anyone else in 1979, but they have a shorter sector length.

Source: ICAO Digest of Statistics No. 256, Series T—No. 39 (Traffic 1975-79)

Letters to the Editor

Builders

From Mr. D. Brown

Sir,—On reading your report on builders and the black economy (January 2), I really must question the credibility of the National Federation of Building Trades Employers.

No one doubts that there is a black economy but to suggest a tax loss of £1bn is nonsense. Even if as many as 20 per cent of the industry were moonlighting they would each need to evade an average of £5,000 tax p.a. to achieve this figure!

The request for further involvement by the Inland Revenue is quite alarming, these federations should be fighting for the abolition of the "714" in its present form instead of asking for its extension to cover the private sector. What hope is there for an industry that requires the Inland Revenue to define a "bona fide" builder? The request for tax relief on repairs would be very nice but could this lead to capital gains tax on housing?

It is to be hoped that the Chancellor does not assume that this memorandum represents the opinion of the majority of the industry.

David Brown.
302, Ford Green Road,
Norton, Stoke-on-Trent.

Nostalgia

From Eleanor Everett

Sir,—A much older Corner House buff recalls spending her 1s 3d at a Lyons after queuing for hours to see Princess Mary's wedding!

Last year I took my granddaughter out, and we had a splendid day at Greenwich. Disembarking at Westminster pier, I remarked "There is a hole in my Tum the size of a bun," getting the expected reply "Mine too." But no buns Oh Lyons J, how we did miss you! Even the ABC, never in the same league, got a backward glance. The child of course knew no better, but I was full of nostalgia and things, after a more than inadequate packed lunch and supper some miles away.

The Corner House, Coventry Street, was our treat when we had cash, and the usual Lyons J. at other times and when working in the City. Jolyon, I think, has never measured up.

The best of British luck to Charing Cross Corner House (January 10) and please can we have one in Piccadilly later on. I shall be a foundation customer to both if I but know the day.

Eleanor Everett.
Froggs Garden,
Boars Head,
Crowborough, Sussex.

Omens

From the Treasurer, British Airways

Sir,—"Observer" (January 13) asks "is British Airways suffering from a short memory, a sad premonition, or just an odd sense of humour?" The question is prompted, so he writes, by the fact that the first office a visitor passes on his way to see me at Comet House bears the number R101, an obvious reference to the similarly designated airship which crashed disastrously in 1930.

What he omitted to mention, however, was that the number on my room, the office of British Airways' Treasurer, is R100. The airship carrying that designation was of very different calibre. Designed by Sir Barnes Wallis it proved highly successful in operation. In addition it pioneered a new and highly efficient type of aircraft construction—the geodetic system —subsequently used in the very successful wartime Wellington bomber which, according to one reference book was "capable of standing up to severe punishment without its structural integrity being destroyed." Could this be the true premonition?"

Deryck Nicholls.
British Airways,
Comet House,
London Airport, Heathrow.

Charges

From Mr. M. Stone

Sir,—Mr. John Cherrington's "Tale of a hard-pressed journalist" (January 13) about the woes of earning money from overseas journals and newspapers was to the point. I am in the same boat and I know what he means.

Recently the bank charged me 91p to accept two American cheques and today a further 64p to accept one American cheque. The bank's commission for the two cheques was 75p and "other charges" amounted to 16p. On the single cheque, the commission was 50p and "other charges" came to 14p.

What are these "other charges" for and is there really a calculable 2p difference in charges between one and two cheques?

Mark Stone.
13, Esher Avenue,
Walton-on-Thames, Surrey.

Sleepers

From Mr. A. Ferguson

Sir,—British Rail has just recently raised the cost of first class sleeping car berths from £6 to £9, a 50 per cent increase for services south of the Scottish border and it would seem that BR will price itself out of a useful market as it is doing with some of its other services.

What does a customer get for this price? The same rolling stock that has been around for the last 20 years, the delightful over-early awakening of buffer to buffer contact at Darlington or Carlisle in particular, the early morning throbbing pulsations of a Deltic engine parked alongside at Newcastle, the quaint linguistic charm of some expatriate sleeping-car attendants whose use of the English language seems rather limited. Neither should one forget the absolute guarantee that in mild weather BR will provide a free sauna and in cold weather, that any customer will need an ice-pick to get into bed. No doubt too that the increased costs are to pay for the proliferation of posters as to what to do in a fire and for the exquisite little red toy hammers with tiny pointed heads that allow a passenger to attack the glass, should the window not open and one be on fire.

Above all else, one must thank the management of British Rail for providing endless amusement on the platforms at each and every station, all designed to keep passengers on their toes should they be attempting to go to sleep. Such totally unsupervised and continuous noise near any coach labelled "sleeper" must tax the ingenuity of the individuals and necessitate a very high level of initiative training by BR.

Gone are the days when each sleeping-car train would be inspected before use, when mechanical faults would be remedied immediately and any noise in or out of the sleeper would be severely dealt with, on the spot. Gone too are the days when the lights would always work, the water would always be hot, or the gas cylinder be sufficiently filled to last the journey. When one really looks at it, one cannot help but wonder how BR manages to do so much for the convenience of its customers and surely, a 50 per cent increase in the price of sleepers is a very reasonable one if the customary standards of service are to be maintained.

A. I. Ferguson.
4, Burns Court,
Marine Parade,
Dawlish, Devon.

Couriers

From the Managing Director, DHL International (UK)

Sir,—Mr. Jaspert's letter (January 8) regarding the costly penalty of sending or receiving small packages from abroad via airfreight, highlights the need for readers to distinguish between airfreight and air courier services.

Mr. Jaspert's friend in New York made the simple mistake of approaching an airfreight services company — which specialises in moving large quantities of goods by air — thereby using a sledgehammer to crack a nut. If he had approached a courier company not only would Mr. Jaspert have had his present delivered in time for Christmas and within 24 hours despatch from New York, but he would also have been spared any inconvenience or expense in collection or clearance charges. Furthermore, his American friend would no doubt have saved himself a few dollars on the cost of sending the package as well.

A reputable air courier service is not expensive, but readers should beware of the smaller concerns which are presently prospering at the expense of the uninformed public. They are therefore advised to check with the company concerned that any package will be delivered direct to the consignee and that the cost incurred will include all handling, delivery and customs clearance charges at both ends.

Christopher Reid,
DHL International (UK),
King's House,
Great West Road,
Brentford,
Middlesex.

Tendering

From Mr. K. Bhattacharya.

Sir, — It was interesting to see Samuel Brittan mentioning (January 8) the method of tendering for Government Stock as opposed to the current tap method. I fail to understand why the Bank of England is so uptight about this method. In the current economic climate when the pound is strong and the hot money is flowing into the country, a good many overseas investors will be only too willing to put their money into long-term Government Stock at half the 13.6 per cent that has currently been offered.

Keron Bhattacharya.
Jay Consultancy Services,
11, Stable Lane, Seer Green,
Beaconsfield, Bucks.

Discriminatory

From Mr. D. Lindsay

Sir,—I am surprised that the Stock Exchange in its plea for the removal of discriminatory taxes on savings (January 9) did not mention the scandalous requirement of aggregation of a wife's investment income with her husband's income for tax purposes, which results in her income being subject to a much higher rate of tax than would have been the case had the income been "earned," or had she been single—or indeed, than would have been the case had the investment income been that of her husband, and the wife been the earner.

No one has had a good word to say for aggregation since it was removed from earned income in 1971, but it seems that it needs a final shove by a body with the clout of the Stock Exchange if we are finally to see this nasty doubly discriminatory piece of legislation off the Statutory Books.

D. G. Lindsay.
36, Orchard Coombe,
Whitchurch Hill,
Reading, Berks.

Spending

From Councillor A. Sayers

Sir,—Your article (January 9) about local authorities, and the new block grant gave some credit to Devon for having cut back its spending and this is much appreciated. You also asserted that some Conservative controlled councils had not reduced their expenditure sufficiently, and that some had actually increased it.

Apart from the traumas which inflation generally, and Clegg in particular, have caused over the last year Conservative councils have mostly started from a much lower floor (based on the 1978-1979 financial year) on which to make reductions, and this has meant that prudent authorities have suffered proportionately more than the profligate as the prudent have less margin for reductions than the high spenders of the past.

At least the block grant system will prevent for the future high spenders getting paid more rate support grant the more they spend; instead they will get less.

Councillor A. L. Sayers,
Carswell, Holbeton, Plymouth.

William Hall, Shipping Correspondent, reports on why the British merchant fleet is no longer at the head of the world league

Red ensigns in the sunset

THE LAST time there was a major dispute between the country's shipowners and the seamen, in 1966, the Government declared a state of emergency and set up a major Committee of Inquiry to investigate the industry's problems and the "politically motivated" seamen behind them.

In contrast, the current dispute has barely affected the economy and the only people who are suffering are the shipowners and the seamen. Britain's merchant navy, although still the fourth largest in the world, is a shadow of what it was, even 15 years ago.

The current dispute is about manning costs. The combination of a high pound and large wage increases over the last couple of years has made the British fleet increasingly uncompetitive, particularly in a depresssed and fiercely competitive market.

But the causes of the great decline of the fleet in recent years go far beyond the current dispute.

The British shipping fleet has been declining for several decades. Relatively high manning costs—partly the result of pressure from the seamen's union — have accelerated the trend, but not to the extent that some employers argue. The lack of entrepreneurial flair among many of Britain's shipowners is an equally important factor.

By comparison with the Greeks, Scandinavians and the Hong Kong Chinese, Britain no longer has many shipping entrepreneurs. Before the war as many as two thirds of Britain's 300 shipping companies had been established by self-made men. Some were founded by officers who had saved up and bought their first ships. This sort of development still exists abroad but is virtually unknown in Britain these days.

As recently as 1967 Britain's merchant fleet was the biggest in the world but over the last few years it has been shrinking both in relative and absolute terms. In 1914 it accounted for 42 per cent of the world fleet. By 1970 the proportion had dropped to 11.4 per cent and is now down to 6.4 per cent. British ships, while still important invisible earners, only carry 24 per cent of UK trade (in terms of tonne miles) compared with 35 per cent 10 years ago.

As the fleet has shrunk, its place has been taken by the fleets of flag of convenience countries such as Liberia and Panama.

Although no figures are available, it appears that British shipping companies have been slow to take advantage of this development. Recently, as their manning costs have climbed, they have been turning their attention in this direction. But as Cunard's efforts to transfer its two Caribbean cruise ships to the Bahamian registry proved, trade union opposition is now a powerful obstacle.

However, it would be wrong to attribute much of the blame for the decline of the U.K. fleet to flags of convenience. There have been other factors at work.

The current British fleet can still boast some of the trappings of its once glorious past, when one could visit a Far Eastern port and rarely fail to spot the familiar colours of the ships of the British India Line or Alfred Holt's Blue Funnel Line.

Glyn Genin

The Liberian registered container ship Nigeria transhipping on to lighters in Hong Kong harbour

Several scions of Britain's famous shipping families also continue to run their own businesses. Mr. Adrian Swire, whose great grandfather founded the Far Eastern Freight Conference—the model for all liner shipping conferences—is chairman of the family's 108-year-old China Navigation as well as being president of the General Council of British Shipping. However, China Navigation is a minnow by comparison with the latest generation of Far Eastern shipowners.

The Cayzer family still holds the reins at British and Commonwealth Shipping which used to carry the mail down to South Africa, and the present Lord Inchcape's grandfather masterminded the merger between British India and P & O in 1914.

The Vesteys, Bibbys, Runcimans and Ropners, to name but a few, still play an important role in British shipping. However, within the space of a few decades these famous British shipping families have been eclipsed, internationally, by a new breed of shipping entrepreneur.

Initially, it was the Greeks who made their fortunes by buying the cast-offs of the British fleet. More recently, they have been overtaken by the phenomenal growth of the Hong Kong Chinese shipowners. Sir Yue-Kong Pao, the doyen of the Hong Kong shipping community, did not buy his first ship, the 27-year-old Golden Alpha, until 1955. He now controls a fleet of over 20m dwt and has another 3m dwt on order. Add in C. Y. Tung and Frank Chao, and these three Hong Kong shipping entrepreneurs control more shipping than the entire British merchant navy.

The decline of the UK fleet was disguised for a long time because it continued to grow in absolute terms, although nowhere near as fast as the overall world fleet. However, over the past five years it has shrunk by a quarter to 36m dwt. and some 17,000 jobs have disappeared.

BRITAIN'S BIGGEST SHIPPING FLEETS

	Ships	m.dwt.	Ownership
Shell	41	5.6	UK/Dutch
BP	58	5.3	UK
Exxon	27	2.3	U.S.
P & O	88	2.3	UK
Eurocanadian	15	2.2	Canadian
CP Ships	31	2.0	Canadian
Airlease Int.	16	2.0	UK
Texaco	21	1.9	U.S.
Silver Navig.	24	1.4	Vlasov Monte Carlo
Ocean Trans.	33	1.1	UK

DAILY RUNNING COSTS (150,000 dwt)
(figures in $)

	UK flag UK crew		Liberian flag Asian crew	
Officers	(14)	1,225	(11)	800
Crew	(18)	556	(24)	255
Total	(32	1,781	(35)	1,055
Repairs and maintenance		1,210		1,210
Stores		420		420
Insurance, etc.		350		350
Total operating costs		3,761		3,305
Bunkers		11,650		11,650
Total costs		15,411		14,685

Twelve years ago six out of the 10 largest UK shipping companies were household names—P & O, Furness Withy, Alfred Holt (now Ocean Transport), Cunard, British and Commonwealth and Andrew Weir's Bank Line.

Today, only P & O and Ocean Transport rank among the top ten UK shipping companies. Anonymous leasing companies, such as Airlease International and the tanker subsidiaries of major oil companies predominate.

At the same time there has been a rapid growth in the foreign ownership of the British flag fleet. The Monte Carlo-based Boris Vlasov took over Silver Line in 1973 and Hong Kong's C. Y. Tung bought Furness Withy last year.

No one knows what proportion of the UK fleet is now controlled by foreigners but most observers agree that it has grown rapidly over the last decade and could be as high as 40 per cent. Apart from the foreign oil companies, Denmark's A. P. Moller, France's Louis Dreyfus group, Norway's Fred Olsen group and the Pakistani-owned Gokal group, all have ships flying the "Red Ensign." Until recently Britain was regarded by many foreigners as a respectable flag of convenience. Had it not been so, the size of the UK fleet would be much smaller than it is today.

The symptoms of the decline of the traditional British owned fleet are easy to spot. Owners who used to employ their own naval architects to design their new class of ships, now buy second hand vessels.

In an effort to escape the sharp swings of the shipping cycle, several British shipping companies have either diversified, or been taken over by non-shipping concerns. In some cases the tax losses associated with shipping are now far more important than any sense of long term commitment to the industry.

In many respects the decline of the UK fleet was inevitable. The disintegration of the Empire and the advent of aircraft travel undermined the rationale of the great passenger liner companies and the vacuum has never been properly filled. At the same time there has been a growing eagerness by many developing countries to protect and foster the growth of their own shipping fleets.

In the past British ships had a big competitive advantage over those of other countries since they employed relatively cheap labour from the countries with which they traded. Until 15 years ago roughly a quarter of the seafarers on UK ships were foreign (mainly Indian and Chinese). But mainly because of British trade union pressure the numbers have dropped steadily and are now down to about 10,000.

The General Council of British Shipping estimates that it costs nearly twice as much to man a 30,000 tonner with a UK crew than with a Korean crew.

However, while higher manning costs plus the strength of sterling have undoubtedly played a part in reducing the size of the British fleet, the sharp rise in fuel costs plus increasing automation have reduced the importance of manning costs in relation to total operating costs.

There have been other factors contributing to the demise of the UK merchant navy. A number of traditional British companies overcommitted themselves in the wrong areas such as gas carriers, and a large part of the UK bulk fleet was sold at the bottom of the market.

For the Norwegians and the Greeks, trading in ships is as important as operating them. By buying at the bottom of the market and selling at the top, many operators have been able to bolster their financial reserves.

Britain's older shipping companies have been slow to exploit many of the opportunities in what is still one of the world's major growth industries. UK companies were at the forefront of the container revolution and in the transport of sophisticated cargoes but they have been to slow to move into new areas.

In the North Sea, Britain's shipping companies have largely failed to capitalise on the growth potential of the offshore industry.

British companies counter these criticisms by arguing that it is much more difficult for publicly quoted companies to risk their capital in the same way that a private company can. Meanwhile the latter complain that the UK taxation system seriously hampers their development.

There is a certain truth in both arguments. But at the end of the day it is clear that British shipping has not spawned entrepreneurs to compare with the Hong Kong Chinese, the Greeks or Scandinavians such as Norway's Atle Jebsen or Sweden's Sten A. Olsson or the Johannson Brothers. All of whom face equally onerous taxation regimes. The blame for the decline of the British merchant fleet is by no means all the fault of the seamen, but if the present dispute continues for any length of time it cannot but accelerate the process.

Weekend Brief

Testing time for Ian Botham

THERE CAN be few more demanding jobs in cricket at present than captaining a Test team in the Caribbean.

It has never been easy leading a touring party there, as Sir Len Hutton, Peter May, Colin Cowdray and Mike Denness will all vouch.

In addition to the high quality of the opposition, the heat, the unaccustomed playing conditions, the continuous noise from the excited spectators, they also had to contend with some unpleasant riots and numerous incidents.

There can be no disguising the size of the task confronting Ian Botham and his England team which flew out this week. The West Indies are recognised as the world champions at both Test and limited overs cricket. They have a quartet of high-class fast bowlers and a seemingly endless supply of replacements so that there is no escape for batsmen at the other end.

How will Ian Botham fare? He faces an assault charge on his return to Britain, has recently been the subject of too much adverse criticism, is making his first MCC tour to the Caribbean, only possesses limited experience as a captain and has been given a side which, on paper looks rather lacking in balance.

Botham is a magnificent all-round cricketer: an attacking swing bowler, a powerful batsman, a superb all-purpose fielder and a born competitor. If he strikes his best form in all three departments, it will not only make a considerable difference, but will mean that he can lead from the front by personal example, rather in the way Sir Gary Sobers once did. However, Gary had the great advantage of having been carefully groomed for this exacting job when he had acted as first lieutenant to the late Sir Frank Worrell, the best of all West Indian skippers: whereas Botham has literally been thrown in the deep end against strong opposition and a nation of volatile cricket spectators, which was probably a mistake.

I would have preferred Botham to have been given the captaincy later, when the going was easier and he was a little older and wiser, as the tendency is to judge cricket captains and football managers in terms of results. Another reason is the strain of leading an international eleven particularly these days with the big increase in the number of matches.

If he can restrain his naturally volatile temperament —which will not be easy out there—and take advice, England can do far better than generally expected, though it is a pity we did not include a slow left-arm bowler. For one thing, the West Indian players will be under far more pressure than usual as a result of the intense inter-island rivalry while Botham's close personal friendship with Vivian Richards could prove vital in preventing trouble before it occurs.

Hugh Routledge

"Golden Boy" Botham in action

American feather in PO's cap

A feather in the cap of the Post Office (admittedly handed to it by the Americans) is the world's first public international electronic mail service, which began tentatively last June, linking London with Toronto. Suddenly the world's postal administrations are looking very interested in the service: It rapidly transmits documents between countries via satellite over the Atlantic ocean.

Last week saw a small flurry of announcements of further countries which will be linked by Intelpost — mostly to London. Only hours after the British Post Office announced it was extending its links to Amsterdam and another six Canadian centres, the U.S. rushed in to announce that both New York and Washington would be linked to London, albeit via Toronto to avoid problems with the U.S. regulatory authorities.

Although first with the idea, along with the Post Office, the U.S. postal authority did much of the technical work on Intelpost only to retreat once it hit regulatory snags. It now admits that widespread interest in Intelpost in Europe, which is also extending to South America and the Middle East has brought it hurrying into the fold.

Intelpost enables urgent documents to be sent between offices across great distances in a matter of hours. In London, a document handed in at the London Stock Exchange Post Office is scanned on high speed facsimile machine, which converts the information into digital electronic pulses.

The pulses are stored in a computer before being beamed to the linked city via a satellite. The beam, sent from Goonhilly in Cornwall, travels 46,000 miles up to the satellite and down to North America. A facsimile machine at the other end reproduces the document just like a photocopy of its original.

It costs £4 to send a sheet of A4 paper from London to North America, and each subsequent page is £2. The postal administrations believe it will be primarily used for the urgent transmission of business documents, plans and diagrams.

In the first six months of the London-to-Toronto link, over 5,000 documents have been sent between the two centres. The Post Office expects that the London-to-New York link will be many times busier because of the great number of multinationals and financial institutions in both centres.

Intelpost is able to transmit 1,000 documents a day. Although the actual transmission takes just over a minute the delivery time between offices in the centres is several hours. In London the document is either collected by the Post Office's courier service (at an extra charge) or is handed in either at the 24-hour Post Office in Trafalgar Square or at the one by the Stock Exchange.

A less sophisticated system—the transmission is along a telephone line and the information is not stored and ordered in a computer—is also being introduced between major UK centres. By sending a document to London by this route it can then be sent on to one of the overseas centres by satellite.

When the document arrives at its destination it is either collected from the central post office or is despatched by express courier direct to the company (again at extra charge).

The countries which prompted the U.S. to move quickly to regain its foothold in Intelpost are France, Germany, Belgium, Switzerland, Holland, Argentina and possibly two Middle Eastern countries. All are expected to have electronic Intelpost links soon.

'Anything so long as it's legal'

This week's fuss about the novelty of British "girl soldiers" (the WRACs) toting guns brought a wry smile to the faces of members of the First Aid Nursing Yeomanry (FANY) who, with other skills such as handling a radio/telephone, advanced first aid, map reading and unarmed combat, have had training in how to handle .22 rifles since the mid 1960s. The corps is an affiliated member of the National Small Bore Rifle Association and as such has the use of the rifle range in the Duke of York's headquarters.

Founded in 1907 by a Captain Baker wounded in the Sudan war, thereby making it the oldest voluntary organisation for women, the FANY is not part of the British Territorial Army although it has an impressive record of service during and between the wars.

During World War II, for example, 8,000 Fanys served as drivers in motor transport units; 1,700 worked as wireless contacts for the trained Special Operations Executive agents sent to France, but the 52 Fany trained as agents and smuggled into the field were expected to handle arms and explosives as part of their highly dangerous trade—for which two George Medals and three George Crosses (two posthumous) were later awarded.

Despite post-war rumours to the contrary, the Fanys still exist and, indeed, are flourishing—last September's application saw the highest ever number of would-be recruits. Officially their motto is "undaunted in adversity." Unofficially it is "anything unorthodox so long as it's legal" and this has led them to offer their services to a number of civilian causes—from handling the radio communciations posts at horse trials to manning the major incidents room for the Moorgate tube crash in 1974 [having been trained by the police to do the paper work, so releasing the police for other duties] and setting up a radio net from the scene of the incident.

In the event of London flooding, however, the Fanys' largest operation would swing into action. Teams of Fanys, recognisable by thir khaki caps and olive-green uniforms, would take up their appointed posts to carry out documentation for the City of London police on a shift basis for as long as required and volunteers would make their way to the Isle of Dogs with emergency packs and the corps' radio sets. There they would be ready to be marooned in high-rise blocks while as the only form of communication with the world outside and reporting on the flood's progress.

A bazaar lady of fortune

An assiduous bazaar attender found, among a lot of bric-a-brac at a local fete, what she thought was a leather-lined tapestry purse with a dragon for the clasp and a large button-like object attached to it by chains. When she asked how much it was, the helper looked at it and said: "How unusual — 10p"! The purchaser showed it to one of the FT's writers on collecting, who suggested that she should take it to Christie's for a valuation.

There—standing between an elderly lady wishing to dispose of a fur stole and a man being advised that the small painting he was putting up for auction would fetch around £1,200—she was told that her 10p "purse" was in fact a Japanese tobacco pouch with a netsuke attached and that it would fetch between £40 and £60 at auction.

It was sold—to a Japanese gentleman—for £60, on which she had to pay commission, plus VAT. But £47.65 seems a good return on 10p!

Previously, at various local fairs and fetes, she had found a Victorian gold neck chain (6d), a gold Albert watch chain, a turquoise-studded mourning brooch, and—for 2p, what the stallholder described as "some kind of dog's collar." It was black, but when cleaned up proved to be a very heavy silver Albert on which every link is hall-marked.

Contributors:
Trevor Bailey
Jason Crisp
Catherine Darby
Rita Johnson

Economic Diary

MONDAY: British Steel Corporation and steel unions meet on "survival" plan, Grosvenor Place, London. Ford Halewood workers vote on company's 9½ per cent pay offer, Liverpool. National Union of Railwaymen hold special delegate meeting on Labour Party, Congress House, London. Mrs. Margaret Thatcher addresses Women's Royal Voluntary Service Conference on "Facing the Challenge," Bloomsbury Centre, London. Retail sales (December provisional). Industrial and commercial companies, appropriation account, net acquisition of financial assets and net borrowing requirement (third quarter).

TUESDAY: Inauguration of President Reagan, Washington. EEC Foreign Ministers meet in Brussels. Cyclical indicators for the UK economy (December). House of Commons debates second reading of Water Bill.

WEDNESDAY: Commons debates energy policy. Basic rates of wages (December). Average earnings (November). Index of industrial production for Wales (third quarter). New construction orders. Increase in postal charges. Two-day Financial Times conference on Euro-markets in 1981 opens at Inter-Continental Hotel, London. Two-day Financial Times conference on India as a World Trading Partner opens at Taj Mahal Hotel, New Delhi, India.

THURSDAY: Consumers' expenditure (fourth quarter—first preliminary estimate). Mr. William Rees-Mogg, Times editor, is guest speaker at City of Westminster Chamber of Commerce lunch, Royal Lancaster Hotel, London. Trades Union Congress conference of Pension Funds Trustees, Congress House, London.

FRIDAY: Mass meeting of British Airways ground staff on strike call, Heathrow. Triple alliance (steel, rail and coal unions) meet to discuss economic situation, Great Western Hotel, London. Sales and orders in the engineering industries (October). New vehicle registrations (December). Archbishop of Canterbury speaks at Newspaper Conference lunch, International Press Centre, London.

SATURDAY: Special conference of Labour Party to decide on method of electing future party leader, Wembley Conference Centre, London. Summit meeting of Islamic states, Mecca.

Letraset slides 44% and prunes Stanley Gibbons

REPORTING A 44 per cent lower pre-tax result Letraset yesterday disclosed that negotiations to sell the remainder of its leisure division, the UK toy interests, were at an advanced stage. It also reported that Stanley Gibbons showed a £246,000 trading loss for the six months and a number of this offshoots activities were to be curtailed.

"We have had to acknowledge to ourselves that we got our timing and price wrong in buying Stanley Gibbons. We significantly overpaid for what we got," Mr. Bill Fieldhouse, group chairman, said after presenting the figures.

Though Letraset's taxable profit for the half-year to the end of October last was sharply down from £6.26m to £3.49m the net interim dividend is being held at 1.09p and the chairman said the final would also be maintained — for a total again at 7.14p. For the whole of 1979/80 profit reached £12.1m.

Stanley Gibbons is performing substantially below last year, reflecting the general economic climate in this country where most of its activity is centred, and its near-term outlook remains uncertain, the directors say.

The decision to curtail some of this company's activities is aimed at giving increased focus to the core stamp trading business and will involve related expenses of between £3m and £4m which will be dealt with in the year-end accounts.

Mr. Fieldhouse said, yesterday, regarding Stanley Gibbons: "The stamp market had been fuelled in both 1977 and 1978 by some international speculative investment. That had run on into 1979, but the market was due for a shake-out.

"On the management side we turned out to be quite hesitant, all arising from our insecurity in the lack of knowledge of the business. That resulted in some indiscriminate expansion.

"We underestimated somewhat the difficulties of coming to grips with the very different management cultures in two quite different businesses.

"We have now had two year's experience. We have had a number of management changes, but since October we have had Mr. John Bardner, managing director, taking total control. For the first time we feel in control of the business."

The graphic business, which still accounts for the bulk of Letraset's interests, held operating surplus at £3.77m (£3.96m) despite adverse exchange rates. Mr. Fieldhouse said the worldwide sales volumes here had held up very well, its competitive position continued to strengthen and the outlook for the division was firm.

Total turnover dipped from £35.51m to £32.79m with graphics little changed at £19.42m (£19.06m), Stanley Gibbons £8.71m (£10.37m) and leisure products £4.66m (£6.42m).

On the leisure products side, where operating surplus slid from £1.05m to £643,000, trading suffered along with most of the home toy industry. During the six months Sodecor, the toy transfer manufacturing operation in Italy was sold.

This sale together with that of the UK toy business could result in a write down of some £1m in shareholders funds.

The group pre-tax total was struck after interest costs up from £748,000 to £835,000 and included rents and interest received of £251,000 (£652,000) and a share of associates of £6,000 (£7,000 loss).

Stated earnings per 10p share emerged 6.11p down at 3.18p after tax of £2.08m (£2.76m). The attributable surplus came out at £818,000 (£3.51m) including an extraordinary credit of £541,000 (£13,000 debit) and after minorities of £57,000 (£15,000).

Dividends absorb £466,000 (£465,000) leaving the retained balance down from £3.04m to £352,000.

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Fitch Lovell falls to £4.36m at midway but holds dividend

DESPITE CONTINUING growth in its food manufacturing and retail sectors, pre-tax profits of Fitch Lovell showed a fall from £5.96m to £4.36m for the 26 weeks to October 25, 1980, on increased sales of £318.45m, compared with £291.8m. This reflected a sharp reduction at Farmer's Table Poultry and at Machin and Kingsley, the distributor of insulation materials.

Profits before higher interest and central costs of £2.37m (£1.45m) were down from £7.41m to £6.73m. This was split between (in £000s): manufacturing £3,077 (£2,913), wholesale and markets £808 (£710), agriculture, fisheries and feed £15 (£944), retail £2,453 (£1,859) and others £375 (£984).

Mr. Michael Webster, the chairman, says that during the past half year considerable attention has been paid to improving the performance of all areas of the group's business and certain management changes have been implemented.

The state of the economy precludes any longer term prediction, but it is expected that current performance and satisfactory Christmas trading will allow the board to recommend a final dividend not less than last year's 3.71p. Although half-yearly earnings per 20p share fell from 7p to 5.68p, the interim payment is being held at 1.491p net.

"We believe we are well placed to take advantage of a more lively environment," Mr. Webster adds.

First-half taxable profits were boosted by a sharp rise from £0.42m to £1.18m in property profits, but were after charging development and reorganisation expenditure, including financing costs, of £326,000 (£441,000).

The anticipated surplus arising from the insurance claim in respect of the previously reported fire at a processing unit of a subsidiary, has not been included in the interim results pending determination of the final amount receivable.

Tax charge for the period was down from £1.6m to £0.79m, and after preference dividend and minorities, profits attributable to ordinary holders slipped from £4.05m to £3.54m.

In agriculture, fisheries and feed, the chairman says that while Farmer's Table suffered a marked setback, it benefited from the policy of producing fresh products, as well as frozen ones, and therefore suffered less than the industry in general.

Machin and Kingsley was hit by the severe cutback in local government purchasing of insulation materials.

The formal offer document regarding the agreed bid for Joseph Stocks has been issued. For the half year to end September, 1980, pre-tax profits of the company dropped from £385,000 to £294,000, despite higher turnover of £26.03m (£23.24m).

After tax of £153,000 (£198,000) earnings per share fell from 7.45p to 5.65p. In the event of the offer becoming unconditional, no interim dividend will be declared (1p last time).

Stocks is engaged as an agent, importer and specialist wholesale distributor of bacon, while Fitch Lovell, through Lovell and Christmas has significant and complementary businesses in this field. Mr. Webster says the operation of the two businesses under common ownership will create a strong national presence in the bacon market and therefore bring substantial benefits to both companies. This view is shared by the Stocks board.

• comment

Problems in the retail butchery chain, poultry and insulation have been the main contributors to a 27 per cent decline at Fitch Lovell. Profits from poultry have fallen from about £500,000 to breakeven due to dumping in the frozen market (although the group's fresh poultry interests have been holding up well). There has been a turnround of about £1m into loss in the butchery chain, while local authority cutbacks have reduced insulation volume by a third and eliminated £1m of profits. Volume in the main retail business, Keymarkets, held steady, although net margins have been a little lower. Pre-tax profits for the year may be between £9m and £10m, against £11.9m. The share price fell 2p yesterday to 71p, where the prospective yield approaches 11 per cent.

RESULTS AND ACCOUNTS IN BRIEF

RICHARDS (textile manufacturer)—Results for year ended September 30, 1980, and prospects reported December 5 in full preliminary statement. Shareholders' funds £4.97m (£5.02m). Short term deposits £1m (£0.4m), bank balances and cash £3,000 (£129,000). Bank overdraft £156,000 (nil). Meeting, Aberdeen, February 4, noon.

DANAE INVESTMENT TRUST—Net asset value per income share as at December 31, 1980, was 37.67p.

RANKS (IRELAND) (subsidiary of Ranks Hovis McDougall)—Results for year ended August 30, 1980, already known. Shareholders' funds IR£8.83m (IR9.92m). Bank and other loans IR£0.8m (IR£1.4m). Bank overdrafts, Short-term loans and acceptance credits IR£7.74m (IR£6.1m). Bank balances and cash IR£450,722 (IR£23,331). Chairman says it is almost inevitable that loss will be incurred for current year. However, he is confident that when current plans are achieved, the company will return to a profitable future. Meeting, Dublin, February 4, noon.

ARCHIMEDES INVESTMENT TRUST—Results for the year to October 31, 1980, announced December 11. Shareholders' funds £1.94m (£1.53m), investments listed at market value £1.81m (£1.43m), bank balances £184,015 (£157,237). Meeting, 37, Queen Street, EC, February 10, 12.30 pm.

ARTHUR GUINNESS SON AND CO. (brewing and general trading group)—Results for year to September 27, 1980, reported on December 15. Shareholders' funds £238.2m (£203.4m); loans £76.8m (£78.6m); bank overdrafts and short-term loans £36.9m (£45.5m); debtors £126.9m (£111.6m). Historical pre-tax profits of £43.3m (£52.9m) reduced to £27m on a CCA basis. As part of the group's continuous effort to spread its activities arrangements have been made to commence trading in Zimbabwe during 1981. A new factory in Nigeria, producing toiletries, cosmetics and pharmaceuticals will be on-stream this year says the chairman. Meeting, Park Royal Brewery, NW, February 5, at 2.45 pm.

GREENFRIAR INVESTMENT—Gross revenue for year to December 31 1980 £263,605 (£323,721), interest £87,735 (£142,964), expenses £45,435 (£40,000), tax £45,979 (£46,921). Net dividend 2p (same), earnings per share 2.11p (2.35p), net asset value 202.3p (139.5p).

GRANGE TRUST—Final dividend for year to November 30, 1980 is 2.6p, making 3.7p (3.2p) net. Pre-tax profits £627,101 (£517,296). Tax £215,027 (£205,707). Earnings per 25p share 4.14p (3.42p). NAV 149.9p (102.9p).

Dewhurst profit in second half

ELECTRONIC control equipment manufacturer Dewhurst and Partner reports a steep drop in pre-tax profits from £138,328 to £31,492 for the year to September 28, 1980. Turnover slipped from £3.92m to £3.55m.

At the halfway stage, the group showed a pre-tax loss of £87,920 (£173,280 profit). This stemmed partly from a drop in power plant sales at its subsidiary Dupar Pelapone.

At that time, the directors said substantial reductions had been made in overheads and sales were increasing in spite of the market recession. Losses were expected to be reduced in the second half with a return to profitability in the current year.

A single net dividend of 0.15p will be paid, compared to a total last year of 0.921p.

The tax bill for 1979-80 was £24,020 (£33,617) leaving earnings per 10p share of 0.1p (1.45p).

Cantors deeper in the red

WITH THE losses of the second half of last year continuing into the six months to October 25, 1980, Cantors has slipped heavily into the red for the period and passed the interim dividend.

Reporting a pre-tax loss of £325,000, against a profit of £155,000, the directors say the company has been trading profitably since October. Conditions remain difficult but they hope to pay a small final dividend. Last year, when a loss of £135,000 was incurred, an interim of 0.525p net was followed by a final payment of 1.475p.

First half turnover fell to £7.75m (£9.04m), on which there was a trading loss of £482,000 (£526,000). Interest charges took £319,000 (£149,000) and depreciation totalled £191,000 (£172,000).

There was a £167,000 decrease in the provision for deferred profit and collecting costs, compared with an increase of £50,000.

No provision has been made for deferred tax. ACT absorbed £1,000 (£20,000) and the loss per 20p share, of this retailer of furniture, carpets and bedding, amounted to 12.18p (earnings 1.94p).

United Guarantee in loss

ON TURNOVER up from £6.01m to £10.86m, United Guarantee (Holdings) has turned in an attributable loss of £8,790 for the year to September 30, 1980, compared with profits of £238,385.

Nevertheless, the dividend is held at 0.5p with a repeated final of 0.268p.

At the interim stage, when profits at the net level were down from £147,775 to £27,072, the directors stated that the year was regarded as a period of expansion. They added that the costs of growth, including higher finance charges, were reflected in the disappointing results and did not expect the second half to show any great improvement in profit performance.

The loss now reported includes a tax credit of £124,561 against a charge last year of £161,425. The per-share deficit is shown as 0.17p (4.617p earnings).

The group's activities include the sale of lubricants and fuel oil, heating services, and the leasing of plant and vehicles.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
British Benzol ......int.	Nil	—	1	—	2
Cantors ....int.	Nil	—	0.83	—	2.3
Centreway Trust ...int.	Nil	—	2	—	8
Dewhurst & Partners	0.15	Apr. 6	0.6	0.15	0.92
Grant Bros. ....int.	Nil	—	1.52	—	3.88
Letraset ....int.	1.09	Mar. 3	1.09	—	7.14
Raeburn Trust	4.35	Feb. 23	4	6.35	6.35‡
Utd. Guarantee	0.27	—	0.27	0.5	0.5
Western Board ...int.	1.7	Mar. 6	1.7	—	5.3

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including non-recurring payment of 0.9p.

British Benzol falls into loss of £1.3m

TURNOVER OF British Benzol Carbonising plunged £4m to £6.65m in the half-year to September 30, 1980, and the group made a pre-tax loss of £1.29m, compared with a profit of £560,000. The interim dividend will be omitted.

The directors of the coke and smokeless fuel manufacturer predicted in the last annual report that there would be a substantial first-half loss. This was because the group's major customer, the British Steel Corporation, had stopped taking supplies. There was also a serious manufacturing problem at the South Wales plant.

The directors now state that trading conditions have remained difficult, but there are indications that results will improve in the final quarter. Even so, the second half will show a further substantial loss.

The BSC has not returned as a customer, but while the whole market for coke remains severely depressed, some progress has been made in finding alternative outlets.

Operating conditions at the South Wales plant have improved, and reduced manning levels have been agreed. The directors say the plant's sales have been adversely affected by reduced demand from the foundry industry, which is in deep recession.

The company paid no tax for the half-year, compared with £112,000 last time. The loss per 10p share was 13.7p (4.7p earnings).

In the last full year the group made pre-tax profits of £764,000 (£1.25m). The total net dividend was 2p.

• comment

As the chairman predicted in his statement last June, British Benzol Carbonising has not yet found adequate replacements for its largest customer, British Steel. Turnover has fallen 38 per cent below last year's first half level, and the expected heavy loss is almost £1.3m. In the last balance sheet, shareholders' funds stood at more than £4.7m, with no debt. Nearly half those funds were represented by stocks, which presumably would now receive a lower valuation. The present loss has also to be deducted from the company's net worth. The shares, which were 30p at the time of the statement last June, fell 2p yesterday to a year's low of 19p. At that price the company is valued by the market at about £1.8m — probably discounting the substantial losses now predicted for the remainder of the year.

Atlantic Assets earnings decrease in first half

Gross income of Atlantic Assets Trust dropped from £823,000 to £760,000 for the six months to December 31, 1980, while revenue available for ordinary holders emerged well down at £53,000, compared with £240,000. Earnings per 25p share fell from 0.82p to 0.18p.

The directors point out, however, that earnings for the first six months should not be taken as a guide to the full year's result.

The company's 60.34 per cent interest in the Independent Investment Company is included at net asset value. Independent was previously a 100 per cent subsidiary of the company and accordingly comparative results, which consolidated Independent, have been restated.

Net asset value per share, after deducting prior charges at par, rose over 45 per cent from 184.08p to 267.57p for the period.

Investments at the half year totalled £81.74m, against £46.88m, while net current assets and short term fixed interest securities were down from £13.67m to £2.84m. Equity funds amounted to £77.98m (£53.65m).

Gross income comprised franked income of £319,000 (£365,000) with the balance of £441,000 (£458,000) unfranked. Interest and expenses increased from £401,000 to £525,000, while tax was unchanged at £147,000.

The company does not pay interim dividends—last year's single payment was 0.952p net, adjusted for the one-for-twenty scrip issue.

Deficit for Centreway

VIGOROUS ACTION is being taken to reduce the overheads and improve the efficiency of the two engineering subsidiaries of Centreway Trust, the property investment and holding company, which reports a pre-tax loss of £83,000 for the half-year to September 30, 1980, compared with profits of £206,000. Turnover was £1.81m against £1.87m.

The directors of the company, which is a subsidiary of George Whitehouse Investments, say the results were directly due to the decline in profitability of the engineering subsidiaries and the group's 29.62 per cent owned associate company Centreway, which have been hit by the recession.

In spite of remedial action, the directors say they can foresee no improvement in the trading position until there are signs of a sales upturn.

No ordinary interim dividend will be paid, against 2p net last time. The total dividend in 1979/80 was 8p, paid from full-year profits of £476,410.

ACT takes £20,000 (£105,000), giving a loss per 50p share of 19.8p (11.6p earnings). The loss after the preference dividend payment was £147,000 (£71,000 profit).

The directors believe there will be no liability for corporation tax for the year because of the trading losses incurred.

BIDS AND DEALS

Inveresk shares jump on talk of an offer

INVERESK, THE loss making UK paper company, has said that it is engaged in talks which could lead to a bid for the company. Its share price rose by 11½p to 36p, following the announcement, which capitalises the company at £7.3m.

Over the last 12 months a Swiss-based financier, Mr. Edward Nassar, has been building up a stake in the company and currently has just under 14 per cent. Speaking from Lausanne yesterday, Mr. Nassar said that he was not involved but had been approached through the market with an offer for his shares earlier in the day.

In common with most UK paper makers, Inveresk has been hard hit by the recession which has led to the closure of over a fifth of UK papermaking capacity over the past 12 months. In the first half of 1980 the company made a pre-tax loss of £1.6m and passed its interim dividend.

The loss was after debiting £0.8m of redundancy and rationalisation expenses. This resulted from the closure of some of the group's apermaking capacity which led to 17 per cent of the employees in its papermaking division being declared redundant.

Inveresk operates seven paper mills and 13 paper making machines at sites stretching from Scotland to Dorset. It takes its name from the village of Inveresk, near Musselburgh, about five miles east of Edinburgh.

In terms of its paper and board making capacity (140,000 tonnes per annum) it is the tenth biggest papermaker in Britain but it is one of the country's biggest fine paper makers, with an annual capacity of 70,000 tonnes a year. Its major customer is the printing and packaging industries and these have been hard hit by the recession.

In addition to the slump in demand for its products, Inveresk has also had technical problems with its new twinwire papermaking machine at its largest mill—Carrongrove.

Last year it sold its paper merchanting business, Link Paper, to MoDo, the Swedish paper group, and this led to a significant reduction in the group's indebtedness and freed working capital for other activities.

Over the last few years Inveresk's profits have been declining and dropped to £0.3m in 1979 on sales of £85m. On the basis of the last published balance sheet Inveresk has a net worth per share of over 100p.

Aside from its paper mills it has developed the site of its former New Northfleet Paper mill, near Gravesend in Kent, into an industrial estate. It also has investment properties in London, Leicester and Warrington.

In 1973 London and County Securities, the fringe bank, made a £7.8m bid for Inveresk which it dropped following its reference to the Monopolies Commission.

Francis raises offer for Evered preference to 45p

In response to a call from the Evered directors, Francis Industries has increased its offer for the preference shares of the company from 40p to 45p per share.

The board of Evered, the loss making Midlands engineering group, has already grudgingly recommended shareholders to accept the 22p per share offer for the ordinary but withheld its recommendation of the preference offer calling for an increase "to a reasonable level."

Announcing its decision earlier this week the directors of Evered said that they did not consider the terms of the proposed offer fully reflected the asset value or long-term prospects of the company. However, they said that the economic situation and the absence of a better offer had forced the board to recommend acceptance.

To succeed in its offer Francis must gain the acceptance to its offer of a number of complex shareholdings in the group. Apart from a 12 per cent holding by the directors, institutions had a 20.7 per cent stake, Astra Industrial 13.2 per cent and Saudi Arabian interests — through Zahid Industries and Investments and Mohamed Mahmood (Panama) — recently doubled their interest to 24.7 per cent.

Starwest outlines plans for Hawthorn Leslie

IN THE formal offer for R and W Hawthorn Leslie the directors of Starwest Investment Holdings state that they intend to continue the development Hawthorn's existing trading operations and that no redundancies would arise among employees in any of the companies.

The offer by Starwest, which has ben described as inadequate by the Hawthorn Board, is 130p cash for the ordinary and 45p cash for the preference shares. After acquiring a 35.3 per cent stake on December 18 Starwest has since built its holding up to 41.52 per cent through purchases in the market.

Starwest claims that the ordinary offer would give holders the opportunity to realise their investment in Hawthorn at a price showing an increase of 21.5 per cent on the pre-offer middle market price of 107p. It also says that acceptance would give holders the ability to reinvest the cash consideration so as to increase gross annual income by over 2½ times.

Starwest says it believes that the trading activities of the two concerns are complementary and plan that each activity should develop by internal growth and acquisition.

Hawthorn—formerly a marine engineer and shipbuilder—has interests in engineering and the electrical industry. The major activities of Starwest are mechanical and electrical engineering which in 1979/80 accounted for £3.8m (55 per cent) of combined group turnover, and housebuilding which accounted for £2.5m (37 per cent).

Starwest says it intends that each of Hawthorne's activities should continue as a separate unit with existing management and names. No redundancies would arise except in the case of semi-executive and non-executive directors of the parent company.

Hawthorn Leslie announced yesterday that one of its directors, Mr. D. J. Donnelly, had tendered his resignation. The company said this was in order to devote more time to his other business interests.

Results due next week

The first of the discount houses to report in 1981 will be Alexanders, on Monday, and Union on Wednesday. Alexanders had traded profitably at the interim, and is thought to have had a better second half, so it should have more cheerful news this year. Union reported higher trading profits in the first half, and good figures are expected. Because disclosures are minimal during the year, precise forecasts of final earnings can be no more than guesswork. Both houses are expected to say confident things, and 1981 should certainly be a good year to the extent that rates are allowed to fall. There may perhaps be some contrast in the approach to dividends, more being looked for from Union.

Recession in the U.S. and UK in the second half has caused a number of analysts to revise their estimates for **Trusthouse Forte**. The group will reveal its preliminary figures on Wednesday and it is expected that the pre-tax profit will be around £66m to £67m against £68.2m. Not only have hotels been less than overflowing, but the strong pound has been unhelpful against the dollar and European currencies. Interest charges on dollar borrowing also will have pinched. However, the dividend, which was 8p net last time, may be up 10 per cent to just under 9p.

In nominal terms **Tate and Lyles'** preliminary figures may appear to have slipped from £26.2m. But if it reports a pre-tax of £23m or £24m next Thursday this will actually be better than the £20.3m made in 1978-79 before including extraordinary credits. Commodity trading should lead the way, particularly in molasses and sugar. Refining may be up slightly as well. The agribusiness could well fall into loss, however, and the chemicals side is likely to face a similar fate. Bulk liquid storage could be slightly better but this would reflect the absence of a transport strike more than organic growth. The total net dividend of 10.5p should be maintained.

Preliminary profit of **Rank Organisation**, which is to be reported on Thursday, is expected to be down about 17 per cent to £108m. Rank Xerox has been hurt by the strength of sterling and generally weak markets. Elsewhere, the company has decided to close down its television manufacturing and film making businesses and the cinemas, hotels and catering operations are having a hard time. Profits from non-Xerox activities could be halved. Last year's 6p final dividend is expected to be maintained, as was the 4.8p at the interim stage.

At the interim stage, **Gestetner Holdings** reported a 13 per cent decline in pre-tax profit and trading conditions since have probably deteriorated. Estimates of preliminary profit (due Thursday) range as low as £12m compared to £19.1m last year. About 85 per cent of the company's sales are made abroad and the high value of sterling has hurt margins. Borrowings have grown quickly in the past two years and analysts are hoping to see evidence that the growth of working capital is being more tightly controlled. The company needs money as it prepares to introduce more plain paper copier models so the final dividend could well be cut from last year's 2.75p.

Other companies reported next week include **Trident Television** and **Anglia Television** whose preliminary figures are expected on Tuesday and Wednesday respectively, and **Wellman Engineering**, due to announce its interim results on Tuesday.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Albion	Wednesday	1.0	1.75	0.6
Alexanders Discount	Monday	4.5	11.501	5.5
Anglia Television Group	Wednesday	1.572	2.0	2.0
Bootham Engineers	Tuesday	5.5	6.0	5.5
Camford Engineering	Wednesday	3.70455	6.45455	1.63
Countryside Properties	Tuesday	1.4	2.1	1.4
Derby Trust	Thursday	7.192	10.627	8.613
Gestetner Holdings	Thursday	2.5	2.75	2.5
Great Northern Investment Trust	Monday	1.5	4.51	2.0
Kershaw (A) & Sons	Thursday	2.4	19.35	6.0
Lede Investment Trust	Tuesday	1.33	2.45	1.47
Lincroft Kilgour Group	Thursday	1.75‡	2.4	—
Lookers	Wednesday	1.4	2.45	1.4
Lovell (Y. J.) Holdings	Thursday	1.5	4.25	2.0
Meggitt Holdings	Monday	0.42	0.42	0.42
Rank Organisation	Thursday	4.8	6.0	4.8
Smallshaw (R) Knitwear	Thursday	0.5	1.25	0.5
Tate & Lyle	Thursday	3.55¶	4.0	4.0
Trident Television	Tuesday	1.095	2.38	1.26
Trusthouse Forte	Wednesday	2.0	6.0	2.25
Union Discount Co. of London	Wednesday	6.375	13.625	9.0
United States & General Trust Corp.	Thursday	3.0	5.61	4.0
Warner Estate Holdings	Wednesday	1.6	3.4	3.0
Watson & Philip	Thursday	1.0	2.0	1.0
Whatlings	Thursday	0.9	1.0	0.9
INTERIM DIVIDENDS				
Allen (W. G.) & Sons (Tipton)	Thursday	0.8	2.303	

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
Ashley Industrial Trust	Wednesday	1.2	1.8	
Austin (James) Steel Holdings	Wednesday	1.67	3.0	
Burt Boulton Holdings	Friday	3.5	6.5	
Cray Electronics	Monday	0.57	1.43	
Dyson (J. & J.)	Friday	2.5	2.5	
Estates Property Investment	Monday	2.5	3.75	
Group Investors	Tuesday	1.0	1.8	
G. T. Japan Investment Trust	Monday	1.0	3.0	
Howard Shuttering Holdings	Monday	0.8	1.2	
Marler Estates	Wednesday	1.0	1.0	
Palmerston Investment Trust	Tuesday	0.594	1.135	
Property Security Investment Trust	Tuesday	0.4	1.04	
Restmore Group	Monday	0.5	3.5	
Saville (J.) Gordon	Thursday	0.4375	2.0025	
Smith (David S.) Holdings	Monday	2.5	4.5	
Stirling Knitting Group	Wednesday	0.35	0.5	
Symonds Engineering	Wednesday	0.2225	0.5625	
Wellman Engineering Corp.	Tuesday	1.6	1.75	
INTERIM FIGURES				
Avenue Close	Tuesday			
Heath (Samuel) & Sons	Thursday			
Peerless	Monday			

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † Includes non-recurring dividend of 0.6p. ‡ Includes compensating dividend of 0.1p to allow for the change in the tax rate. ¶ Total of first and second interim dividends.

NEW LIFE AND BONUSES

Unit-linked star performer of 1980

NEW unit-linked life business in 1980 continued to grow strongly, though at a slower rate than in the two previous years, according to the results published by the two major life companies in this field, **Hambro Life** and **Abbey Life**. These showed new annual premiums up by nearly one-third, whereas conventional life business had a dull year in 1980 with little or no growth.

Hambro Life Assurance reports new annual premiums rising by 25 per cent in 1980 from £44.2m to £55.3m, of which life assurance business increased by 50 per cent, thanks to the success of the whole life plan, while self-employed and executive pensions business trailed last year with a rise of 9 per cent.

Single premiums business declined 3 per cent from £75m to £72.4m but new sums assured increased by 50 per cent to £2.25bn and the number of policies sold rose by one-quarter to 163,000.

During the year the company's asset value topped £1bn — less than 10 years since launch. Total assets at year end were £1.11bn (£865m). Total premiums income received rose by 15 per cent to £239m in 1980 with regular premiums jumping 25 per cent to £167m.

Abbey Life also recorded a successful year for both life and pensions business. New annual premiums improved 24 per cent from £28.8m to £35.7m, with life premiums rising by one-third from £11.1m to £14.9m and pensions premiums by 18 per cent from £17.7m to £20.8m.

Also in single premium linked business, premiums were up 32 per cent at £29.9m (£22.6m), but sales of guaranteed income bonds fell 36 per cent from £35.5m to £22.8m.

Half the new money received by the company on its linked business was invested in the property fund, and a further 29 per cent in fixed interest. The remainder went 11 per cent into equities and 8 per cent to the managed fund.

Total premium income rose by 11 per cent from £153m to £170m, with regular premium income up 23 per cent from £95m to £117m.

The total value of funds under the management of Abbey Life Investment Services reached £1.14bn at the end of November. But this value includes not only the life funds, but the unit trust and other funds as well.

New annual premium income of **Target Life Assurance Company** improved by 22 per cent in 1980, from £5.6m to £6.82m, but single premiums slipped from £20.1m to £19.2m—a fall of 4 per cent.

Mr. Paul Seymour, general manager and actuary, says new annual premium business in the second half of the year was well up on the first half and he is confident that this accelerating growth wil gain momentum in 1981.

He says much of 1980 was spent in preparing for major expansion since the company became a subsidiary of RIT earlier in the year and in the circumstances, the advance in new annual premium income was pleasing.

Mr. Seymour adds that having decided, as a matter of principle, not to enter the one-year bond market—which saw hectic activity before being closed by legislation in March—maintaining single premium sales at around £20m was a creditable achievement.

* * *

With-profit policyholders with the **Scottish Provident Institution** are receiving a special bonus on the current declaration as well as having their reversionary bonus rates for the three years to December 31, 1980, lifted to record levels.

On ordinary life policies the rate is £5 per cent per annum of the sum assured and attaching bonuses plus a special bonus of £5 per cent of attaching bonuses. The last declared rate three years ago was £5 per cent compound, but interim bonuses since then have been at a lower rate.

On self-employed and executive pensions the reversionary bonus rate is £7 per cent per annum of the basic benefit and attaching bonuses plus a special bonus of £5 per cent of attaching bonuses. The previous declaration was £6.40 per cent, but the interim had been changed over the three years, rising to £6.75 per cent.

The SPI with profit funding plan has a bonus of 112½ per cent of guaranteed increments against 107½ per cent.

The company has also improved its claims bonus paid on death or maturity claims for the longer duration contracts. The new scale based on the sum assured, range from £10 per cent for contracts taken out in 1974 to £870 per cent for those effected in 1939 or earlier. The previous scale ranged from £45 for entry year 1966 to £800 per cent for 1939 or earlier.

Mr. Joe Macharg, general manager of SPI, said that some of the extra investment profits earned over the past three years were being passed on to policyholders in the form of the special bonus and as part of the improvement in claims bonuses.

SPI from this year will be declaring bonuses annually. The interim bonuses are £4.85 per cent on life contracts and £6.75 per cent on pension plans—equivalent to £5.09 per cent and £7.22 per cent respectively on a triennial basis.

Record bonus rates have also been declared by the **MGM Assurance** for 1980. On life policies the rate is lifted by 75p to £6.50 per cent of the sum assured for whole life contracts and to £6 per cent of the sum assured for endowment assurances. The company is one of the few life companies, outside the home service life companies, still to operate a simple bonus system.

The terminal bonus rate for 1981, paid on death or maturity claims, is increased by 25p to £1.25 per cent of the sum assured for each complete year in force plus 50p per cent of the sum assured for each complete year up to December 31, 1977.

On pension policies, the reversionary bonus rate is lifted by 50p to £5 per cent of the basic benefit and attaching bonuses. In addition MGM is paying a terminal bonus, for the first time, of 10 per cent of attaching bonuses.

Interim bonuses are kept at the same rate.

SPAIN

January 16	Price %	+ or −
Banco Bilbao	258	+1
Banco Central	296	
Banco Exterior	244	+4
Banco Hispano	247	
Banco Ind. Cat.	121	
Banco Madrid	141	
Banco Santander	301	
Banco Urquijo	160	
Banco Vizcaya	276	+2
Banco Zaragoza	212	
Dragados	90	−1
Espanola Zinc	48	
Fecsa	57.7	+0.7
Gal. Preciados	26	
Hidrola	65.7	+0.2
Iberduero	68	−0.2
Petroleos	86	−0.7
Petroliber	75	
Sogefisa	102	
Telefonica	63.5	
Union Elect.	62.2	+1.5

Business

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SUMMARY OF THE WEEK'S COMPANY NEWS

Bids and Deals

Lloyds and Scottish made a surprise £106m bid approach to United Dominions Trust. For each UDT share, Lloyds and Scottish is offering 55p made up of 43.36p in cash and a proportion of shares equivalent to a further 11.64p. The bid is intended to pre-empt six months of negotiations between UDT and Trustee Savings Bank by which the latter was to buy 75 per cent of UDT's consumer finance business.

Hunting Gibson launched a £4.4m bid for Stag Line, the North Shields shipowning concern. Hunting is offering 355p cash per ordinary Stag share. Ropner Holdings, the largest single shareholder in Stag with a 29.9 per cent stake, has undertaken to accept the offer.

Tarmac won control of Thomas Witter, floor and wall-covering manufacturers, in a swift market manoeuvre on Wednesday. A "put-through" was arranged involving 51.13 per cent of Witter's shares at 53½p and subsequently Cazenove, brokers to Tarmac, offered to buy further shares in the market at the same price. By the end of the day, Tarmac had acquired 81.2 per cent of Witter and, under Takeover Panel rules, extended a 54p per share cash bid for the remaining shares.

Avenue Close, the property investment and development group, received an approach which could lead to an offer for the company.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder	Final Acc'tce date
Prices in pence unless otherwise indicated.						
Aberdeen Invs.¶¶	100*	175	86	2.00	Aitken (Eng.)	—
Armitage Shanks	110§	111	10	29.46	Blue Circle	—
Central Man. and Trad.	49½	51	40	11.23	Hanson Tst.	26/1
Colmore Invs.	30*	30½	30	12.0	Nesco	—
Cornell Dresses	19*	75	124	0.57	Polly Peck	22/1
Davy Corp.	184§§	157	149	139.0	Enserch	—
Eng. & Overseas Invests.¶¶	10	13	14½††	1.03	Pentos	—
Evered	22*	23½	117	1.28	Francis Inds.	—
Gosforth Inds.	40§§	40	39	7.33	Fergusn. Inds.	—
Hawthorn Leslie	130*	133	107	3.49	Starwest	—
K Shoes	95*	92	80	22.4	C. & J. Clark	—
Laurence Scott¶¶	59§	56	60	4.05	Mining Supplies	—
Macanie (Lond.)	30*	30	23	0.38	Courtaulds	—
Mallinson-Denny	79§§	78	61½	42.1	Brooke Bond Liebig	—
Record Ridgway	37*	38	20	4.13	Bahco	30/1
Royco	60*	57	48	3.00	Bonorpark	—
Stag Line	355*	375	270††	4.38	Hntng. Gibson	—
Stocks (J.)	151	152	102	3.77	Fitch Lovell	—
UDT	55*	50	38	106.0	Lloyds and Scottish	—
Witter (T.)	54*§	54	42	0.89	Tarmac	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ** Based on 16/1/81. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Ace Belmont	Aug.	611	(2,070)	25.2	(81.0)	—	(—)
Associated Paper	Sept.	352	(1,952)	2.0	(11.5)	2.0	(3.65)
Berisford (S & W)	Sept.	36,120	(32,230)	28.0	(27.7)	9.75	(6.5)
Bett Brothers	Aug.	2,260	(2,310)	15.0¶	(15.4)	3.1	(2.5)
Birminghm. Pallet	Oct.	81	(87)	8.9	(4.9)	2.5	(3.5)
Braid Group	Sept.	873L	(746)	—	(11.7)	—	(1.77)
Brentnall Beard	Sept.	709L	(1,200)L	—	(—)	—	(—)
Brooke Tool	Sept.	641	(495)	9.8	(7.6)	3.5	(2.89)
Daily Mail & Tst.	Sept.	3,220‡	(2,410)‡	31.9	(23.7)	27.5	(30.0)[
French (Thomas)	Sept.	1,344	(1,626)	22.8	(26.6)	5.0	(4.5)
Grand Met.	Sept.	152,100	(136,000)	23.3	(21.8)	6.63	(5.75)
Ind. Newspapers	Dec.	3,050b	(4,060)b	19.8	(23.2)	11.0	(10.0)
Kenning Motor	Sept.	3,990	(8,450)	10.2	(19.8)	5.5	(5.5)
McMullen & Sons	Sept.	1,210§	(1,170)§	31.2	(30.2)	3.63	(3.3)
Muirhead	Sept.	2,250L	(911)	—	(17.9)	—	(4.0)
SGB Group	Sept.	16,280	(14,510)	28.6	(27.5)	5.3	(4.58)
Stakis (Reo)	Sept.	3,940	(3,560)	5.5	(4.7)	1.4	(1.17)
Wellcome Fndtn.	Aug.	48,150	(51,620)	—	(—)	—	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Allied Colloids	Sept.	1,990	(1,510)	0.64	(0.64)
Astra Industrial	Oct.	711	(401)	0.25	(0.25)
BET	Sept.	27,970	(30,410)	1.86	(1.86)
Carclo Engn.	Sept.	466	(464)	1.3	(2.6)
Centreway	Sept.	92	(777)	1.0	(4.0)
Cntry & New Twn.	July	964	(551)	0.25	(0.2)
Diamond Stylus	Sept.	68L	(37)	—	(0.3)
Dixons Photo	Nov.	5,010	(5,920)	1.31	(1.25)
Ellis & Everard	Oct.	701	(835)	2.5	(2.5)
Fairdale Textiles	July	65	(222)	0.3	(0.3)
Ferguson Ind.	Nov.	1,360†	(2,700)†	—	(—)
Gelfer (A. & J.)	Sept.	380	(409)	1.6	(1.5)
Hogg Robinson	Sept.	2,320	(2,730)	3.0	(3.0)
Jones Stroud	Sept.	685	(1,060)	2.0	(2.0)
Linfood Holdings	Nov.	4,540	(5,080)	3.5	(3.5)
Magnet & Sthrns.	Sept.	11,900	(12,805)	2.0	(2.0)
Owen & Robinson	Nov.	—a	(11)	6.0	(6.0)
Ratners (Jwlrs.)	Oct.	539	(684)	0.67	(0.67)
Rosgill Holdings	Dec.	612	(483)	0.83	(0.75)
Somportex Hldgs.	Oct.	728	(226)	—	(—)
Tomkins (F. H.)	Oct.	208	(829)	0.5	(0.58)
Wigfall (Henry)	Oct.	63	(269)	—	(3.0)
Woodrow Wyatt	Sept.	25L	(187)	0.5	(1.0)

(Figures in parentheses are for corresponding period.)
* Dividends shown net except where otherwise stated. † Pre-tax profits for nine months. ‡ Attributable profits. [For 18 months. | Earnings before tax. § Net profits. a Pre-tax profits total £974. b In IR£. L Loss.

Offers for sale, placings and introductions

Dunton: Coming to the Unlisted Securities Market by way of a placing of 800,000 5p shares at par.

Abolition of training boards urged

By Alan Pike

THERE IS no evidence that training in sectors of industry not covered by statutory industrial training boards is inferior, according to a Centre for Policy Studies report.

It argues that all boards should be dismantled. It claims that in the principal non-ITB areas, covering Government, nationalised industry and local authority employees, and many service industries, "it appears not only that the training is just as good but that it is carried out in a far more efficient, economic and effective way."

Mr. James Prior, Employment Secretary, commissioned a sector-by-sector investigation of the need for statutory boards. This is being conducted by the Manpower Services Commission. It is likely that some boards will be abolished and others reconstituted on a voluntary basis.

The centre's report suggests that off-job training organised by boards often competed unfairly with companies which would otherwise provide better private training.

Britain's system is described as "negative, unsuccessful and self-defeating." A main reason for establishing it, was the belief that there was a shortage of skilled people. The report does not accept that genuine shortages are related to factors connected with training.

It concludes that the boards have fulfiled any purpose for which they may have been conceived. "They now benefit only the people who work in them."

Industrial Training Boards—Why they should be Dismantled. Centre for Policy Studies. £3 nt. 5s'f...ETAOIN

Closure of Smedley-HP canning factory to make 480 redundant

BY LISA WOOD

SMEDLEY-HP FOODS is to close its fruit and vegetable canning factory at Wisbech, Cambridge, with the loss of 480 jobs.

Over the past two years Smedley-HP has closed three other canning factories — in Blairgowrie, Scotland, Faversham, Kent and Thetford, Norfolk—with the loss of more than 900 jobs.

The company said yesterday that over the past two years it had sought to concentrate production into fewer factories "but these efforts have not to date yielded profit against a background of heavy cost pressures, industry over-capacity and a declining market. Thus the company is obliged to look for further economies."

Sales of canned fruit and vegetables have shrunk considerably over the last decade with the competition of frozen foods and improved production and marketing of fresh vegetables. In 1973 more than 27m cases of canned vegetables were sold in the UK while less than 20m were sold last year. In the same period sales of canned fruit fell from 4m cases to 2m.

Smedley-HP has two remaining canning factories, one at Spalding, Lincolnshire, employing 430 people and the other at North Walsham, Norfolk, which employs 280 workers. The company also produces a range of sauces and pickles. It said the range of canned goods it produced would not be reduced by the closure.

● An upturn in business has been reported by three textile factories in Carlisle. The three companies, which have had long periods of short time working, are Stead McAlpine, Carrington and Dewhurst and Ferguson Printers.

● Lotus Shoes announced 300 redundanices at its factories in Stafford, Northampton and Bambridge, Northern Ireland, yesterday, which will probably be shared equally between the three sites.

James McDonald writes: The 590 employees of Oxford University Press have been told that redundancies cannot be ruled out under a restructuring programme, aimed at pruning overheads, which will be announced next month.

The OUP—the largest UK publishing house except for the Stationery Office — is operating its printing division at half capacity. Its bindery, capable of handling 100,000 books a week, is on short-time.

Mr. W. Campling, the works director, said yesterday that on February 2 the management will tell the unions involved how their members will be affected by changes in the structure of the 500-year-old business because of new market conditions. Any redundancies will be revealed then.

At the start of a review of the organisation's budget for 1981-82, he said he did not expect the OUP to regain the volume of business to which it has been geared. Long-running re-print orders were declining.

Mr. E. Buckley, printer to Oxford University, said in a message to employees that he expected turnover, which has been running at £6m to £7m in recent years, to be lower over the next two years. There was a need to examine all overheads and prune them severely where possible.

Long-term changes in market conditions pointed to the need for a quick adjustment of the structure of the business.

NEB sells computer systems stake

BY GUY DE JONQUIERES

THE National Enterprise Board has sold its 26 per cent interest in Systems Designers International (SDIL), a computer systems consultancy to Independent Investment Company, a high technology trust, for £1.2m cash.

The NEB paid £184,000 for its shareholding three years ago. The deal also includes repayment of £325,000 of NEB loans to SDIL.

SDIL, 74 per cent of whose shares are owned by its worker-directors, was founded in 1969. It had a turnover of £4.6m and profits of £343,000 in 1979. The NEB said that the results for last year would show substantial increases.

SDIL welcomed the sale which, it said, was an "essential prelude" to a public quotation for the company within the next few years.

The company is one of five computer systems and programming houses in which the NEB took a substantial minority stake. Talks on the sale of its shares in one of the other companies, Systems Programmers, have been under way for several months but have not yet reached a conclusion.

Motorcycle sales highest for 21 years

SALES OF powered two-wheelers reached a 21-year high of 316,000 last year, only 5 per cent short of the record 330,000 of 1959. Sales rose by 10 per cent from 288,000 in 1979, a year in which new cars sales fell by 12 per cent.

The more economical two-wheelers made the biggest gains. Moped sales rose 18 per cent to just over 90,000 and scooters, which virtually disappeared in the '70s are making a comeback—5,722 were sold last year, an increase of 31 per cent. Sales of motorcycles of above 50 cc rose by 6 per cent to 219,000.

With the increased buoyancy of the two-wheeler market, and the emergence of two new UK motorcycle manufacturers, Lord Hesketh's Hesketh Motorcycles and WE group of Croydon, the industry is moving its annual International Motorcycle Show from Earls Court to the National Exhibition Centre in Birmingham. It will be from April 17-25.

Honda is reported from Tokyo to have developed a new 50cc machine which is much more fuel efficient than any previous model. It is said to be capable of covering 62 miles on a litre of fuel, compared with 37-44 miles for conventional models.

Smokers' wives risk lung cancer

NON-SMOKERS who inhale other people's tobacco fumes are dying from lung cancer, according to a study published yesterday in the British Medical Journal. A 14-year Japanese study of 91,540 non-smoking wives aged 40 and over found tat continued exposure to their husband's smoking could double their chances of dying from lung cancer.

Inquiry call over missing steel pay

MR. JOHN MORRIS, a former Secretary of State for Wales, has asked for a Department of Industry inquiry into delays in paying topping up money to redundant steel workers. Mr. Morris, MP for Aberavon, said yesterday he had received complaints from dozens of ex-steel men who are not receiving payments under a European Economic Community scheme, which guarantees them 80 per cent of their former earnings for two years.

Sports Council given bigger grant

THE SPORTS COUNCIL'S Government grant for 1981-82 will be £21m instead of the present £19.159m, Mr. Hector Munro, the Sports Minister, announced in a Commons written reply yesterday.

Welsh railway line likely to stay open

FEARS THAT British Rail's Cambrian Coast line may close as a result of damage to the Barmouth Viaduct receded after discussions between British Rail leaders and a delegation from Plaid Cymru, the Welsh Nationalist Party.

12m in occupational pension schemes

NEARLY 12m employed people were members of occupational pension schemes in 1979, while another 4m were receiving pensions or dependents' payments from these schemes.

Cornhill Consolidated

WE HAVE been asked to make it clear that Cornhill Consolidated, the bill-trading and holding group which collapsed in December 1973, and was the subject of a Department of Trade inspectors' report published in the Financial Times of December 31, is in no way connected with Cornhill Insurance Company or any of its associated and subsidiary companies.

APPOINTMENTS

Norcros executive changes

Mr. W. K. Roberts, previously managing director of NORCROS, has been appointed deputy chairman and chief executive. Mr. J. E. Hopkins has joined the board as managing director (UK) and Mr. T. C. F. Simpson becomes managing director (international).

After the annual meeting in July, Mr. Roberts will take over as chairman from Mr. J. V. Sheffield, who is to retire from the board. Mr. Roberts will continue as chief executive and Mr. J. J. L. G. Sheffield is to be a non-executive deputy chairman from that date.

★

Mr. J. W. Leach has joined TRAILL ATTENBOROUGH as a director.

★

Mr. W. Major, formerly executive vice-president of UBAS Arab American Bank and vice-president of American Express International Banking Corporation, has been appointed a general manager of EUROPEAN ARAB BANK, London.

★

Mr. D. L. Gomme has become chairman of GOMME HOLDINGS in place of Mr. H. N. Sporborg, who has retired.

★

Mr. David Pawlyn has been appointed to the Board of GROUP 4 TOTAL SECURITY and Dr. Edward Hope has joined the Board of the holding company GROUP 4 SECURITAS.

★

Mr. J. C. Bruce and Mr. J. P. Webb have been appointed associated directors of CORNELIUS CHEMICAL COMPANY from February 1.

★

P & O EUROPEAN TRANSPORT SERVICES has been given the status of a division of the Peninsular & Oriental Steam Navigation Company, and, as such, it is the holding company for the road haulage and integrated unit load trade units operating throughout the UK, Republic of Ireland, Continental Europe and Scandinavia.

★

Miss Adrienne Humphreys has been appointed a director of TRAINING AND EDUCATION ASSOCIATES, a division of the Talking Pictures Group.

★

Mr. E. Percival is executive chairman; Mr. G. B. Whitehead, managing director; Mr. G. H. Ruff, deputy managing director; and Mr. A. J. B. Crean, Mr. J. H. Paton, Mr. B. R. Rosier and Mr. J. van Schijndel, directors.

★

Mr. R. C. I. Bate is to become managing director of GPG INTERNATIONAL, a plastics subsidiary of Arthur Guinness Son and Co., from February 1. He will succeed Mr. R. Lewis, whi is to retire early for health reasons, but will remain a director of GPG until June 30.

★

Mr. Geoffrey Breakell, Mr. David Moss and Mr. Michael V. Smith have been appointed assistant general managers of the REFUGE ASSURANCE COMPANY from April 1.

★

Mr. W. Richardson has been reappointed and Mr. C. H. Parker and Mr. P. J. Bryom have been appointed part-time members of the board of BRITISH SHIPBUILDERS for two years.

★

Mr. John Biffen, Secretary for Trade, has retained Mr. Timothy Renton MP as his Parliamentary Private Secretary.

★

Lord Willis of Chislehurst has joined the board of 20TH CENTURY SECURITY, of Leatherhead, as a non-executive director.

★

Mr. R. B. Keville has resigned from the board of the HOGG ROBINSON GROUP and is to join WILLIS FABER AND DUMAS as a director and joint deputy chairman of the marine division.

★

Mr. Paul Bion has been appointed managing director of LOGABAX, succeeding Mr. Pierre Ghouti, who left the organisation.

★

Mr. R. J. D. Partos has joined BARKER ELLIS SILVER COMPANY a subsidiary company of Pentos, as sales director.

★

Mr. Robert A. Chereck has been transferred from Dallas to join the London branch of the FIRST NATIONAL BANK IN DALLAS as deputy general manager. He will have special responsibility for marketing and credit in Europe, Middle East and Africa.

★

Mr. Bryan Brown has been appointed managing director of AID (ALLIED INTERNATIONAL DESIGNERS) a subsidiary of the AID Group.

★

CHEMICAL BANK has created a department responsible for treasury and foreign exchange operations in Europe and the Middle East, and appointed Mr. Barry T. Linsley vice-president as its manager. The post is based in London. Mr. Linsley has been succeeded by Mr. John Astbury, vice-president, as head of treasury, London branch. Mr. John R. Sliney, vice-president, has become assistant head of treasury, London branch, and Mr. Guy Heald, assistant vice-president, has been made chief dealer.

★

Mr. Haydn Griffiths has been appointed director of supplies and transport, BRITISH GAS, from February 1. He was previously the controller of purchasing and supplies at North Thames Gas.

Payment of £60m whisky subsidies again delayed

BY GARETH GRIFFITHS

THE SCOTCH whisky industry will have to wait another month to obtain EEC export subsidies worth about £60m because of a procedural delay by French members of the European Parliament yesterday.

Payment of the production subsidy will now be discussed by the parliament in three weeks when the Scotch Whisky Association expects final approval for the deal.

Mr. Peter Walker, the Agriculture Minister, persuaded the EEC Council of Ministers last May to make the payments under the cereals subsidies and price maintenance arrangements if no agreement on the Community's proposed alcohol regime had been reached by December.

Farmers seek state aid to match EEC competitors

BY RICHARD MOONEY

FARMERS want extra government aid to bolster shrinking real incomes and put them on an equal footing with farmers in other EEC countries.

Mr. Richard Butler, president of the National Farmers' Union, has written to Mr. Peter Walker, the Agriculture Minister expressing "grave concern" at the aid being given in other member states.

"National aids by the French and Danish governments following the very bad year for farmers throughout the EEC will inevitably place producers in other member states at a disadvantage unless similar steps are taken wherever they are needed," he said at the annual meeting of the Shropshire county branch of the NFU in Shrewsbury yesterday.

After three years of falling incomes the situation in Britain was probably more critical than in any other European country, said Mr. Butler. "Altogether our own incomes have been halved."

Joint hearing application by Oceanus rejected

FINANCIAL TIMES REPORTER

THE Appeal Court has rejected a move by Oceanus Mutual Underwriting Association (Bermuda) to have two High Court actions heard together. In the actions the company is being sued over millions of dollars in unpaid insurance claims.

Lord Justice Lawton with Lord Justice Eveleigh and Sir David Cairns this week refused Oceanus leave to appeal against a High Court judge's ruling last July that the two actions should be heard separately.

The first action is due to start next October. In it Oceanus, a Bermuda-based protection and indemnity club, is being sued by the U.S. multinational CTI International Inc. and its associated company, The Reliance Group Inc.

CTI leases containers to shipping lines. It is suing for $292,000 it claims is due under a damage and protection policy covering container repairs, taken out with Oceanus in late 1976.

In the second action Oceanus and C. E. Heath and Co. (Marine), the London brokers, are being sued by Mr. James William Bragg, on behalf of several Lloyd's underwriters, and by Ulster Marine Insurance Company, on behalf of several member-companies of the Institute of London Underwriters, over reinsurance which Oceanus allegedly avoided in March, 1978. That action is due to be heard in June, 1982.

Mr. Michael Harvey, counsel for Oceanus, said Oceanus had "stepped into the shoes" of the Lloyd's underwriters and institute companies who had been CTI's previous insurers.

They would claim in the actions that they were entitled to repudiate the insurance and reinsurance policies because of alleged non-disclosure and misrepresentation by the brokers, C. E. Heath and Co.

Oceanus alleges that Heath failed to disclose CTI's full claims history and, in particular, figures which showed a deteriorating situation of progressively mounting losses.

Oceanus also contend that Heath made a "significant error" in its representation of the value of containers, which was wrong by a factor or two.

Further, they contend that when negotiating the reinsurance policy in 1977 Heath did not disclose that Lloyd's underwriters had threatened to avoid their policy with CTI unless suitable reinsurance arrangements were made to cover their continuing risks.

Mr. Harvey said that CTI's claims to date run "to several million dollars."

WORLD STOCK MARKETS

Early small gains on Wall St.

FURTHER SMALL gains were scored in moderate trading on Wall Street yesterday, mostly on carry-over strength from late rises by the Oil Group Thursday plus some optimism for release of the U.S. hostages held in Iran.

By 1 pm the Dow Jones Industrial Average was up 5.03 at 975.00, making a net rise of 6.31 on the week, while the NYSE All Common Index, at $77.37, rose 38 cents on the day and 93 cents on the week. Advances led declines by a seven-to-five majority in a volume of 30.7m (27m) shares.

Analysts said many investors moved to the sidelines to await news on the U.S. Money Supply, due after the close.

The market remains sensitive to expectations about interest rates. Analysts have been expecting rates to drop but the Federal Reserve seems unwilling to let rates fall until it is sure it has Money Supply growth under control. The Money stock fell in recent weeks but a big rise is expected.

Some Oils continued higher but were giving up early gains. Active **Mobil** added $⅝ at $82¼. **Standard Oil Company (Indiana)** $¾ at $78⅛, **Sedco** $2¼ at $92¼. **Texas Oil and Gas** $¾ at $37½ and **Mesa Petroleum** $⅛ at $56¼. Mesa said its 1980 profits surpassed those of 1979.

Dan River climbed $1¼ to $18½—an Investor Group led by a California businessman bought a 6.2 per cent stake in Dan River.

THE AMERICAN SE Market Value Index gained 3.71 to 348.00, making a rise of 8.07 on the week. Volume 4.7m shares, compared with 3.4m at 1 pm Thursday.

Canada

Oil and Gas shares remained strong as markets posted moderate gains in fairly active noon trading yesterday.

The Toronto Composite Index rose 6.8 to 2264.6, Oil and Gas 39.1 to 4470.9, Golds 5.3 to 4361.4, Utilities 1.81 to 259.77 and Banks 0.22 to 409.16. But Metals and Minerals lost 15.9 to 2264.6 and Papers eased 0.36 to 237.88.

Transcanada Pipelines gained $¾ to $24½—it has $US326m contract to supply natural gas to a Tenneco subsidiary.

Canadian Imperial Bank put on $¾ to $28¾ in active trading—results for the first two months of its fiscal year showed "significant" improvement.

Closing prices for North America were not available for this edition.

Germany

Mostly easier in thin trading, and no new factors were noted.

Preussag rose DM 2.3 to DM 129.9 on persistent rumours **German BP** could buy the West **LB** stake.

Dresdner led Banks DM 4.5 down.

On the Domestic Bond Market, Public stock eased up to DM 0.40, with the Bundesbank buying 18.1m of stock. The New State Loan was quoted around its 100¼ issue price.

Mark Eurobonds were steady.

Calls on **Conti** and **Chrysler** and Puts on **Dresdner** created most interest at the Options table, but turnover was down with prices steady.

Among Internationals Oils were firm, while **Chysler Corp.** German Certificates rose to 11.98 from DM 10.70.

Paris

Firm in active trading, helped by Wall Street's overnight firmer trend.

Most sectors gained ground, except for Metals which tended mixed and Chemicals which eased.

Bouygues moved up FFr 33 to 800 on a one-for-three free share issue and its forecast of higher 1980 group net profit.

Foods was one of the stronger sectors, with **Carrefour** rising FFr 29 to 1,659 and **BSN-Gervais-Danone** adding FFr 12 at 1,040.

Radiotechnique regained FFr 13.9 to 250 while **Matra** came back FFr 10 to 2,040.

Foreign stocks declined against the general trend, except for higher Americans and firmer Oils.

Milan

Firm in active trading.

Fiat, up L140 at 2,050, met strong buying interest for the second successive day.

Leading Banks closed firm, while Bonds were generally steady in dull trading.

Switzerland

Domestic shares continued mixed in light trading, with sentiment influenced by uncertainty over interest rates and speculation about the economic course President-elect Ronald Reagan's new Administration will follow.

Swissair fell Fr 22 to 636 after it announced planned celebrations to mark its 50th anniversary had to be cut out due to losses made on flight operations last year.

Banks held steady, Financials were mixed, while Insurances edged lower.

Ciba-Geigy eased, despite its reported markedly higher sales figures for 1980.

Domestic Bonds turned narrowly mixed and Foreign Bonds dipped on some selling following the continued recovery of the dollar against the Swiss franc.

Dollar stocks were mixed and, in irregular Dutch internationals, **Royal Dutch** and **Philips** each improved. Germans and South African Mining Financials were little changed.

Among European oils, **Elf Aquitaine** and **Norsk Hydro** continued sharply higher.

Tokyo

Slightly higher in moderate trading, led by Electricals, Precisions and other Blue Chips. Volume 330m shares.

Scattered buying by Foreign investors supported the market with **Minolta** gaining Y16 to Y763.

Heavy Electric Machines and Shipbuildings were steady on buying by Corporate investors, but Speculatives, Oils, Coals and Non-Ferrous Metals were lower on profit-taking.

Drugs, Machines and Chemicals were also higher, with **Aida Engineering** adding Y43 at Y674 and **Kanto Denka Kogyo** Y44 at Y1,020.

Steels were lower.

Hong Kong

Narowly mixed in featureless trading.

Thursday's news that the Securities Commission will recommend a 35 per cent "trigger point" at which shareholders must make a general offer for a company came as no surprise and had little effect on the market.

Hang Seng Bank added $HK1 at $HK171.

Singapore

Mostly lower in moderate trading. Properties and Banks declined, while Plantations ended mixed.

Australia

Active trading in selected Oils highlighted markets as stocks in all sectors continued to recover lost ground.

Strata Oil again met demand and rose 20 cents to A$4.40 as speculation mounted over the drilling results from its Woodada No. 3 well, expected next week.

Alliance Oil Development moved up 8 cents to A$1.20. **Beach** 12 cents to A$2.42, **Jervois** 50 cents to A$8.50 and **Santos** 60 cents to A$17.50.

Among Shale Oils, **Mining Houses** improved 40 cents to A$4.10 and **Greenvale** 30 cents to A$2.70 buyer.

Golds were marginally firmer.

Takeover target **Georges** were steady at A$1.50, as were **Leroy** at A$5.

Johannesburg

of stock for sale, resulting in significant price declines, particularly on the Industrial Board.

Industrials were absorbed with difficulty.

The Gold Market was also weak.

MONTREAL	Jan. 16	Jan. 14	Jan. 13	Jan. 12	1980/81 High	1980/81 Low
Industrials	373.14	357.43	357.91	367.54	428.80 (29/2)	322.31 (27/3)
Combined	355.29	349.60	350.08	349.96	378.96 (20/10)	295.50 (27/3)
TORONTO Composite	2257.8	2245.6	2249.5	2252.9	2402.2 (29/11)	1702.5 (27/3)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Chrysler	737,700	5⅞	−⅛	Mobil	419,400	81⅝	+1⅝
Penn Central 'S'	644,900	19⅛	—	Union Oil Calif.	377,700	45	+3
Squibb	481,500	29¼	−¾	Atl. Richfield	318,100	64	+1⅜
IBM	455,400	66	−¾	Dmnd. Shmrck.	309,600	35¾	−⅝
Phillips Petrolm.	435,000	53⅛	+3⅛	Std. Oil Indiana	307,000	77	+1⅝

INTERNATIONAL COMPANIES and FINANCE

PAY DISPUTE IN WESTERN U.S.

Fear grows of national coal strike

BY IAN HARGREAVES IN NEW YORK

MORE THAN 1,000 coal miners in the western United States went on strike yesterday, creating a situtaion which many coal users fear will lead to the sixth national coal strike since 1966.

The walkout by men from five mines owned by the Peabody company, the country's largest coal producer, occurred following the expiration of the workers' pay contracts at midnight on Thursday.

The dispute is important, because the ending of the Peabody western contracts comes only a few weeks before the contracts of 170,000 miners in the midwest and eastern U.S. expire on March 27.

Preliminary exchanges over the full-scale contract negotiations have already begun and have led a number of coal operators to take a very gloomy view of the outcome.

The union is thought certain to press for the inclusion of a cost of living indexed component in its new three-year contract—something which motor industry workers and steelworkers have long had.

It had been thought that Mr. Samuel Church, president of the United Mine Workers' union, might agree to an extension of the Peabody western contracts in order to avoid a preliminary and disruptive skirmish. But Mr. Church refused when Peabody turned down flat the demand for a liberal cost of living element in the contract.

The union is also seeking big improvements in retirement benefits and in other fringe benefits for its members.

According to some union officials, the union's proposals could amount to a 40 per cent to 50 per cent increase in miners' remuneration over the three years of the deal—depending on the level of inflation.

Steel companies and other major coal users have already started to stockpile coal in anticipation of a strike—a process which is being hampered in some parts of the country by unexpectedly frozen rivers and other weather problems.

There are, however, a number of reasons why the union will do everything it can to avoid a strike this year.

The union, under the generally admired leadership of Mr. Church, is still recovering from serious internal dissension in the 1970s. It would again risk exposing its tendency for political infighting in a national strike.

The union's influence has been waning as a result of these dissensions and the UMW now represents only 50 per cent of the industry's workers, compared with 67 per cent in 1974. The union is especially weak in the west.

Coal operator's profitability is still poor, moreover, although the medium-term outlook is brighter than for many years, with heavy new investment in coal taking place as a result of the switch from oil usage.

At one point, the union was talking about restricting the new contract to one year, in order to re-assess the economic landscape at a time when some of these improvements might have materialised.

Break up of French pulp group nears end

By Terry Dodsworth in Paris

FRENCH authorities have virtually concluded the break up of Groupement Europeen de la Cellulose (GEC), the French paper pulp manfacturers which ran into insuperable financial problems early last year.

In a move marking the trend in government industrial policy, GEC has been allowed to split up despite its dominant position in the French pulp industry.

Reckoned to be the largest company in the European industry and put together with government aid in an attempt to prevent the growth of pulp imports, the group is now being sold off, with little regard to its market position.

The present crisis at GEC was sparked off by the decision of its Canadian partner, MacMillan Bloedel, to sell its 34.4 per cent stakes. Since this decision, the Government has made it clear that its main criterion in the affair is the economic viability of the group's different activities.

Separate factories are being sold off as and when bidders can be found.

One of the main plants in the group, Cellulose d'Aquitaine, has already been taken under the wing of the Cellulose du Rhone group, while Cellulose des Ardennes, just over the French border in Belgium, is likely to be taken on by Belgian interests.

Another of the large plants, Cellulose de Strasbourg, has been brought under the control of the regional development agency while further studies on its future are undertaken.

The fourth plant in the group, Cellulose d'Alizay, is currently giving the receivers the most problems, because no sound takeover project has so far been proposed. In the meantime, the legal structure of the old GEC business has been dissolved, causing about 70 redundancies.

Offshore banking

Bahrain's offshore banking market showed sharp growth in November, with an increase in liabilities of nearly 4 per cent on the previous month, writes Mary Frings.

Figures released by the Bahrain Monetary Agency put assets at $34.9bn, or $1.3bn up on September and October, when the market remained stable.

Ciba-Geigy raises sales but warns on earnings

BY JOHN WICKS IN ZURICH

GROUP turnover of Ciba-Geigy Chemicals rose 20 per cent last year to SwFr 11.91bn ($6.61bn). Excluding companies acquired in late 1979 and 1980, sales grew about 15 per cent, according to the Basle parent Ciba-Geigy AG.

But it says that no conclusions should be drawn about group earnings because of the effects of inflation on costs. While profits are not to be published until next month, Dr. Samuel Koechlin, management chairman, has already indicated that these will have declined for the third year in succession.

Within group sales, pharmaceutical turnover rose 18 per cent to SwFr 3.22bn. Growth is attributed largely to good U.S. business and the successful introduction of new products.

Agricultural chemical sales rose 20 per cent to SwFr 2.68bn ($1.49bn), again largely due to new products.

Sales of plastics and additives grew 18 per cent to SwFr 2.34bn, due partly to price increases and acquisitions.

Dyestuffs and chemicals sales improved by 7 per cent to SwFr 2bn despite weak demand and stagnant sales volume.

Both the "Airwick" household products division and the Ilford film and photographic division reported a 32 per cent rise in sales. Turnover for each division reached SwFr 620m with the Ilford sales reflecting higher selling prices necessitated by the increased silver price.

Sales of electronic equipment soared from SwFr 130m to SwFr 430m, mainly due to the acquisition of the Swiss Mettler group.

Adela plans capital overhaul

BY OUR ZURICH CORRESPONDENT

ADELA INVESTMENT of Luxembourg plans a major financial overhaul involving the injection of fresh capital following losses of $50.1m during the year ended June 1980.

This u psurge in net deficit—losses for 1978-79 were $13.4m—stems largely from a provision of $33.7m against Adela's investment portfolio. The previous year's provision was $4.5m.

The company, whose shareholders are banks, finance companies and industrial concerns in North and Latin America and Europe, promotes private-enterprise investment in Latin America. It is associated with the Zurich-based Finance Company Adela Finanz.

Total income dropped to $36.7m last year, due mainly to falling interest income, a rise in interest costs and "heavy" exchange-rate losses.

Adela's accounts show a carried-over loss of $45.7m, which compares with a capital of $61.2m and reserves of $300,000.

The planned financial reorganisation, which may be agreed within one to two months, will include some $20m of new capital from shareholders, one-half of which will be put up under "special conditions." A number of banks have also agreed to subscribe a further $10m. Discussions with creditors on the re-structuring of debts are in progress.

Norsk Data lifts turnover by 60%

By Fay Gjester in Oslo

NORSK DATA, the Norwegian computer company, reports record results for 1980 of NKr 24m, before tax and extraordinary items. This represents a gain of 60 per cent

At the same time, shareholders are being given the chance to buy shares in the loss-making Tandberg consumer electronics associate.

Norsk Data acquired 91.1 per cent of Tandberg when the latter was reorganised in 1979, after going bankrupt. But Tanberg continued to be unprofitable, and last year Norsk Data wrote down the value of its holding and sold 42 per cent of the company taking a NKr 11m ($2m) loss in the process.

Alusuisse in pricing dispute

BY OUR ZURICH CORRESPONDENT

ALUSUISSE HAS been accused by Mr. Hjorleifur Guttormson, the Icelandic Minister of Industry and Energy, of charging its subsidiary Icelandic Aluminium (ISAL) excessive prices for alumina.

This, he claims, has led to a loss of fiscal income by the Icelandic government of about $47m, and a breach of a 1969 agreement between Alusuisse and the Icelandic government.

A report produced for the Government by a London auditor is claimed in Reykjavik to show that Alumina had been sold to ISAL at 30 to 40 per cent above the usual price, leading to reduced profits for ISAL—given as $300,000 on sales of $500m—and a corresponding loss in tax revenue for the Government.

ISAL, which is wholly owned by the Swiss aluminium group, operates a smelter at Hafnarfjordur.

In reply to these charges, Alusuisse states that the alumina price charged to ISAL "is and always has been" within the framework of comparable long-term international alumina contracts, as foreseen by the 1969 agreement.

Discussions are going on between Alusuisse and the Icelandic authorities, which, according to the Swiss company, "will clear up the existing misunderstanding."

Cominco to close German subsidiary

By Our Financial Staff

COMINCO of West Germany is running down its operations as a prelude to a total shutdown. The company, which is part of the Cominco metals and chemicals group of Canada, expects to terminate most of its activities by the middle of this year.

German Cominco concentrated primarily on metal imports to West Germany with some re-export business to Scandinavia. It had a turnover of DM 186m ($93m) in 1979.

The company will fulfill all its supply agreements fully before ending its operations, it is stated.

Thyssen-Bornemisza cuts stake in German shipyard

BY CHARLES BATCHELOR IN AMSTERDAM

THYSSEN-BORNEMISZA (TB), the Monaco-based international holding company, has reduced its holding in Bremer Vulkan, the West German shipyard, to just below 50 per cent from 75 per cent.

The sales have been made on the West German stock exchanges over a four-year period for strategic reasons and to reduce TB's investment in Vulkan. These had become greater than was desirable following increases in issued capital by the yard, Thyssen-Bornemisza said.

An announcement of the move to a minority shareholding had been made in the West German Official Gazette to comply with stock market regulations. TB also retains its 100 per cent stake in a Dutch shipyard, Vlaardingen-Oost Bedrijven.

TB, which reported first half 1980 net profit of Fl 62m on sales of Fl 1.73bn ($820m), has made a number of acquisitions recently. It is taking an 80 per cent stake in Herriau, a maker of sugar beet harvesting machinery in Cambrai, France.

It also took over Nido Universal, a Dutch snowplough and salt spreader machinery manufacturer

Acmil holding takeover talks with two suitors

BY OUR SYDNEY CORRESPONDENT

ACMIL, the diversified industrial and building supply group, is holding talks with two suitors which may lead to an A$180m (U.S.$210m) takeover bid for the company.

Acmil's board warned shareholders not to sell, because the outcome of the meetings could "materially affect" the price of the company's securities.

In November, 1979, Brambles Industries, the transport group, announced that it was to make a share and cash A$142m bid for Acmil, in an agreed merger plan. This move was abandoned the following month, however, after it emerged that Brambles had bought Acmil shares on the market, and so triggered off a stock exchange requirement for a full cash alternative offer.

Acmil shares rose 33 cents to A$1.35 on the stock market yesterday, on the takeover possibility.

Acmil is presently capitalised on the market at around A$172m, but any bid for the company is expected to pitched above this. Indications are that any bid would be set between A$1.45 and A$1.50 a share.

Fluor buys into Genentech

FLUOR, the major construction engineering company has purchased for investment purposes an undisclosed number of shares in Genentech, the genetic engineering which recently went public.

Genentech and Fluor had earlier announced the signing of a letter agreement to co-operate by exchanging technical information as well as exploring opportunities for developing products and designing plants based on genetic engineering technology developed by Genentech.

AP-DJ

BRITISH COMMODITY MARKETS

Big fall in world sugar market

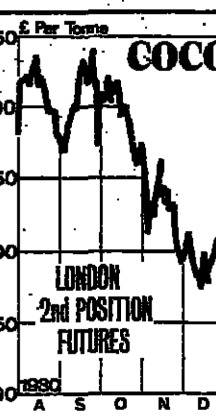
BY OUR COMMODITIES STAFF

WORLD SUGAR values fell sharply yesterday as a wave of speculative selling hit the market. In the morning the London daily raw sugar price was cut £30 to £260 a tonne, down £36 on the week, and on the futures market the May position ended down £25 on the day and £36.875 on the week at £273.75 a tonne.

The fall in London prices followed an overnight decline in New York where Japan's cancellation of contracts for the purchase of 150,000 tonnes of Philippines sugar was quoted as a major factor. London dealers said the lack of physical sugar offtake and weakness in the world grains and metals markets were also partly responsible.

A further influence was chartist selling based on disappointment at the market's failure to break through the £300 a tonne resistance level.

News yesterday that U.S. cocoabean grindings in the final quarter of 1980 were 14.6 per cent higher than in the same period of 1979 failed to boost values on the London cocoa futures market yesterday, though the rise was somewhat higher than most dealers had forecast. The May futures position ended the day £4.50 down at £893 a tonne, for a fall on the wek of £5. During the week it fell to a life of contract low of £877.5 a tonne.



Earlier West Germany's fourth quarter grind was announced at 42,635 tonnes, 7.9 per cent up on last year's figure. This was in line with market forecasts and had little impact on prices. Total West German grindings for 1980 were 6.3 per cent up on 1979.

Brazil denied yesterday rumours that it was planning to suspend export registrations and other producing countries were reported to be continuing to sell on any rises in the market.

Tin prices tumbled this week to the lowest point since early 1978. Cash tin closed last night at £5,902.5 a tonne, £115 down on the day and £397.5 lower on a week ago.

The market was under pressure all week, both in London and Penang. A rise in warehouse stocks of tin and a noticeable lack of consumer buying interest triggered off both trade and speculative selling, which accelerated as prices moved lower. The market staged a technical rally on Thursday, but then resumed its downward course yesterday when prices fell overnight in Penang as a result of increased offerings meeting reluctant buying interest.

Other base metals fell in price this week, reflecting continued lack of physical demand and the downtrend in gold following the fresh moves for the release of the U.S. hostages in Iran.

Lead was particularly hard hit. The cash price dropped to £286.5 a tonne, £21 down on the week and the lowest level ...Copper, aluminium and zinc also lost ground this week, although some traders felt the possible impact of the release of the U.S. hostages had probably been overdone.

One of the few steady commodity markets this week was wool. The Australian auctions resumed on a strong note, as a result of reduced stocks and forecasts of a cut in the wool clip this season. The Bradford wooltops quotation was lifted by 2p to 298p a kilo.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1980/81 High	1980/81 Low
METALS					
Aluminium	£810/815	—	£770/810	£710/815	£760/70
Free Markets c.i.f.	$1445/1475	−15	$1850/1960	$2160/2200	$1400/1450
Antimony					
Free Market 99.6%	$3150/3200	−25	$3250/3300	$3,435	$3150/3200
Copper Cash Wire Bars	£779.25	−11.75	£1,197	£1,372	£763.5
3 months Do. Do.	£800.25	−13	£1,227.5	£1,376.5	£781.5
Cash Cathodes	£757.5	−13.5	£1,167.5	£1,316	£747
3 months Do.	£780.5	−13	£1,199	£1,343.5	£763.5
Gold per oz	$561.5	−16	$835	$835	$473
Lead Cash	£286.5	−21	£499	£579	£286.5
3 months	£298.25	−21	£490.5	£471.5	£298.25
Nickel	£3,226.57	—	£3,195.78	£3,477	£3,115
Free Market c.i.f. lb	280/290c	−7.5	280/310c	315/345	265/295c
Platinum per oz	£202	—	£189	£202	£282.50
Free Market per oz	£228.05	−8.4	£402.65	£466.6	£227.8
Quicksilver (76lbs.)	$365/375	+10	$385/395	$418/423	$355/365
Silver per oz	621.10p	−29.55	2165.05p	2,165.05p	457.80p
3 months per oz	642.50p	−30.45	2185.05p	2,185.05p	483.3p
Tin cash	£5,902.5	−397.5	£7,540	£8,350	£5,902.5
3 months	£6,057.5	−3.50	£7,395	£8,385	£6,057.5
Tungsten Ind.	$140.56	—	$134.51	£148.21	$137.75
Wolfram (22.04 lb)	$146/148	+1	$140/144	$151/154	$129.50/134
Zinc cash	£327.5	−5.5	£341	£400	£282
3 months	£339.75	−5.75	£356.5	£415	£292.25
Producers	$825	—	$780	$825	$780
GRAINS					
Barley					
Home Futures	£98.55	−0.35	£96.80	£101.55	£89.95
Maize					
French	£121	−1.25	‡	£122.5	£110.50
WHEAT					
No. 1 Red Spring	‡	—	‡	‡	‡
Am. Hard Winter	£105.25w	−1	£94.75	£112.5	£91.0
Eng. Milling (new crop)	‡	—	‡	‡	‡
SPICES					
Cloves (g)	£3,800z	−30	£3,870	£4,175	£3,750
Pepper, white	$2,150z	—	$2,775	$3,825	$2,125
black	$1,550z	+25	$1,950	$2,000	$1,575
OILS					
Coconut (Philippines)	$615z	+10	$915	$925	$560
Groundnut 5%	‡	—	‡	£457	‡
Linseed, Crude	£430	−80	£393	$480	£338
Palm Malayan	$625x	+12.5	$675	$725	$475
SEEDS					
Copra (Philippines)	$425	−10	$600	$610	$355
Soyabeans (U.S.)	$332	−4	‡	$381	$260
OTHER COMMODITIES					
Cocoa Shipment	£952	−7	£1,517	£1,546	£929
Cocoa Futures May	£888.5	−5	£1,450.5	£1,513.5	£874.5
Coffee Futures Mar.	£1,047.5	−18	£1,544.5	£1,784.5	£959.5
Cotton Index	103.45c	−0.30	87.90c	103.8c	85c
Des Coconut	£650	—	£730	£740	£640
Jute UI ABW C grade	£221z	—	£224	£232	£187
Rubber kilo	57p	−0.50	80p	90p	55.25
Sago Pearl	£199z	—	£211	£216	£197
Sisal No. 3 L	$780	—	$885	$885	$780
Sugar (Raw)	£260	−36	£192	£410	£164
Tapioca No. 1	£209z	—	£206	£326	£202
Tea (quality) kilo	121p	—	150p	150p	121p
(plain) kilo	60p	+1	61p	73p	54p
Wooltops 64s Warp	298pkilo	−2	282p	308p kilo	276p kilo

‡ Unquoted. (g) Madagascar. (y) Feb./March. (z) Jan./Feb. (w) Feb. (x) March. Nominal.

MARKET REPORTS

BASE METALS

COPPER—Lower on the London Metal Exchange. The recent decline in other metals prompted renewed short selling of copper with forward metal dipping from £805.5 to around £797 on the morning kerb. This level attracted good trade support, however, and three months rallied well to touch £805 in the afternoon before easing afresh to close the late kerb at £801.5. Turnover 20,250 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	782-3	...	779-.5	−10.2
3 months	803-.5	−.5	800-.5	−12.5
Settlem't	783	...	—	
Cathodes				
Cash	759-60	−1	757-8	−10.5
3 months	782.5-3	−1	780-1	−12
Settlem't	760	−1		.....
U.S. Prod	—		*88-92.25	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £782, 82.5, three months £805, 4, 3.5, 3, 2.5, 3. Cathodes, cash £760, 59.5, three months £783. Kerb: Wirebars, three months £803, 2.5, 2, 1.5, 1, 2, 1, 800, 797, 98, 99. Afternoon: Wirebars, three months £801, 2, 3, 2, 2.5, 3, 1, 800.5, 800. Cathodes, cash £758, three months £781. Kerb: Wirebars, three months £802, 4, 5, 4, 3, 2.

TIN—Fell away after Thursday's rally as the decline at Penang renewed hedge selling and stale bull liquidation depressed forward metal from £6,120 to a low of £6,040 by the close of the afternoon kerb. Turnover 520 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5910-5	−100	5900-5	−115
3 months	6060-70	−80	6055-60	−110
Settlem't	5915	−100	—	.....
Standard				
Cash	6060-70	−77.5	5900-5	−116
3 months	5915	−100	6055-60	−107
Settlem't	6015	+135	—	.....
Straits E.	$631.58	−0.52	—	.....
New York	—			

Morning: Standard, cash £5,910, three months £6,080, 75, 70, 60, 70. Kerb: Standard, three months £6,075. Afternoon: Standard, cash £5,900, three months £6,070, 75, 70, 65, 60, 50, 60, 55, 50. Kerb: Standard, three months £6,050, 40.

LEAD—Lower on further hedge selling and short selling which depressed three months from £302 to £298 on the late kerb. Turnover 8,400 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	287.5-8	−3	286-7	−4.5
3 months	299-.5	−3.5	298-.5	−4.5
S'ment	288	−3		...
U.S. Spot			*37-9	...

Morning: Cash £290, 88, 87, 87.5, three months £300, 01, 300.5, 300, 299. Kerb: Three months £299.5, 98, 97. Afternoon: Three months £299, 98, 97.5, 98.5, 98, 98.5. Kerb: Three months £298, 97, 96.5, 96.

ZINC—Marginally easier as the weakness of other metals saw three months fall from £342 to £338.5 with chartist selling in evidence as the price dipped below £340. Turnover 7,400 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	328.5-9	−1.75	327-8	−1
3 months	341.5-2	−1	339.40	−1
S'ment	329	−2		...
Primw'ts	—	......	*41.5	...

Morning: Cash £329, three months £342, 41.5. Afternoon: Three months £341, 40.5, 40, 39.5, 39, 39.25, 39.5. Kerb: Three months £338.5, 39.

ALUMINIUM—Gave ground on speculative selling prompted by the recent falls in other base-metals. Forward metal began the day around the £620 level but subsequently fell back to close the late kerb at £615.5. Turnover 5,325 tonnes.

Morning: Three months £614, 15, 15.5, 16. Kerb: Three months £616, 15.5, 16. Afternoon: Mid-March £609, three months £615.5, 15, 15.5. Kerb: Three months £615.5, 16, 15, 16.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	595-6	−6.25	594.5-5	−4.75
3 months	616-.5	−6	615-6	−5

NICKEL—Edged higher as speculative interest lifted forward material to £2,665 before a close of £2,660. Turnover 406 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2672-80	−37.5	2665 70	+25
3 months	2662-5	−25	2662-3	+25

Morning: Three months £2,655, 60. Kerb: Three months £2,660. Afternoon: Three months £2,650, 65, 60, 62. Kerb: Three months £2,665.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close

SILVER

Silver was fixed 10.6p an ounce lower for spot delivery in the London bullion market yesterday at 621.1p. U.S. equivalents of the fixing levels were: spot $14.9, down 24.8c; three-month $15.585, down 25.9c; six-month $16.293, down 16.1c; and 12-month $17.323, down 15c. The metal opened at 626p-635p ($15-$15.2) and closed at 618p-627p ($14.85-$15.05).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	621.10p	−10.6	624.5p	−21
3 months	642.50p	−10.8	667.5p	−21
6 months	657.70p	−7.6	—	...
12months	708.20p	−7.6	—	

LME—Turnover 231 lots of 10,000 ounces. Morning: three months 640, 37, 34. Kerb: three months 635, 36.5, 38. Afternoon: three months 644, 45, 46. Kerb: three months 645, 44, 43, 44.

COCOA

After opening a little steadier than expected cocoa futures rallied further on the U.S. fourth quarter grind announcement which was 14.6 per cent higher than the 1979 figure. But prices eased to close £4 below Thursday evening, reports Gill and Duffus.

COCOA	Yes'day's Close	+ or —	Business Done
March	866-867	−3.0	870-863
May	888-889	−4.5	896-886
July	912-913	−4.0	920-911
Sept.	934-935	−4.0	937-935
Dec.	965-966	−3.0	966-964
March	986-989	−4.5	988-986
May	1005-10	−4.5	1010-07

Sales: 1,376 (1,852) lots of 10 tonnes.

ICCO Futures—Daily price for Jan 15 95.78 (94.47). 10-day average 95.72 (95.87): 15-day average 96.33 (96.34)

COFFEE

No fresh features emerged from a disappointing performance as values fluctuated in a tight trading range throughout a quiet session, reports Drexel Burnham Lambert. In the afternoon light dealer book-squaring and commission house interest contributed towards a short burst of activity, but business was well matched on both sides.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	1027-28	−18.0	1035-27
March	1047-48	−13.0	1056-44
May	1062-64	−12.5	1070-61
July	1071-73	−12.5	1080-71
Sept.	1082-83	−14.0	1091-84
Nov.	1082-86	−18.5	1095-88
Jan.	1085-95	−16.0	—

Sales: 2,083 (2,358) lots of 5 tonnes.

ICO Indicator prices for January 5: (U.S. cents per pound): Other Mild Arabicas 132.33 (133.00): Robustas ICA 1976 124.00 (same). ICA 1968 124.25 (same) Unwashed Arabicas 223.00 (223.50). Comp. daily ICA 1968 un-

GRAINS

LONDON GRAIN FUTURES—Wheat opened higher. Profit-taking forced values to retreat but prices staged a recovery on a strong export market. Barley was quietly steady with some shipper buying noted. New crops found substantial hedge selling, reports Acli.

HGCA—Locational ex-farm spot prices. Other milling wheat: Eastern 105.70, E. Midlands 104.40. Feed barley: Eastern 98.00, E. Midlands 95.00; N. East 94.80; Scotland 93.90. The UK Monetary Coefficient for the week beginning Monday January 26 (based on HGCA calculations) using three days exchange rates) is expected to decrease to 0.851.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent Feb. 110.50, March 111.25 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent Feb. 105.25, March 105.75 transhipment East Coast sellers. English Feed fob Feb. 108.25, March 110.25, April/June 115.50 East Coast sellers. Maize: French Jan 121, Feb. 122.50 East Coast sellers. S. African Yellow Feb./March 89.50 sellers. Barley: English Feed fob Feb 102.50 paid East Coast Rest unquoted.

M'nth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Jan.	105.50	+0.85	96.00	+0.55
Mar.	108.15	+0.60	98.55	−0.20
May	112.20	+0.65	102.50	+0.20
July	116.05	+0.55	—	—
Sept.	101.05	+0.90	96.25	−0.05
Nov.	104.80	−0.10	100.00	−0.05

Business done—Wheat: Jan. 105.35-105.15, March 108.15-107.70, May 112.20-111.70, July 116.05-115.75, Sept. 101.10-101.05, Nov. 104.85-104.80. Sales 452 lots of 100 tonnes Barley: Jan. 96.00-95.75, March 98.60-95.25, May 102.50-102.30, July no trade, Sept. 96.35-96.25, Nov. 100.00-100.00. Sales 179 lots of 100 tonnes

RUBBER

The London physical market opened steadier with little interest at higher levels, closing on a quiet note. Lewis and Peat reported a fob February price for No. 1RSS in Kuala Lumpur of 310 (308) cents a kg and SMR 20 at 260 (258.5) cents.

No. 1 R.S.S.	Yest'rd'ys close	Previous close	Business Done
Feb.	58.00-59.40	58.00-58.50	—
Mar.	59.40-59.70	59.80-59.90	—
Apr-Jne	61.80-62.00	62.20-62.40	62.20-61.50
Jly-Sept	64.80-64.90	65.20-65.50	65.30-64.90
Oct-Dec	67.90-68.00	68.20-68.30	68.10-67.60
Jan-Mar	70.90-71.00	71.20-71.30	71.20-70.60
Apl-Jne	75.80-75.90	74.20-74.30	75.90-75.80
Jly-Sept	76.80-76.90	77.10-77.20	—
Oct-Dec	79.80-79.50	80.20-80.60	79.60

Sales: 154 (382) at 15 tonnes none at 5 tonnes. Physical closing prices (buyer) were: Spot 57.00p (57.25p), Feb. 61.00p (61.50p), March 61.50p (62.25p).

SOYABEAN MEAL

The London market opened £1.00 lower on commission house long liquidation, reports T. G. Roddick. Prices firmed from opening levels on mixed buying together with some short covering to close unchanged on the day.

	Yest'rd'ys Close	+ or —	Business Done
	£ per tonne		
February	127.00-27.1	−0.15	127.60-26.50
April	129.10-29.5	−0.05	129.80-26.00
June	131.60-31.3	−0.10	132.90-30.50
August	133.60-34.5	−1.05	134.00-33.50
October	130.00-31.0	+0.25	—
December	131.10-32.0	+0.35	—
February	131.50-36.0	−0.75	—

Sales: 221 (360) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £260.00 (£290.00) a tonne cif for Jan.-Feb. shipments White sugar daily price was £290.00 (£310.00).

No. 4 Contract	Yesterd'ys Close	Previous close	Business Done
	£ per tonne		
Mch.	275.25-75.75	299.50-300.0	301.50-266.0
May	273.50-74.00	298.75-96.50	300.50-266.0
Aug.	269.50-69.00	291.50-91.60	291.50-255.0
Oct.	263.50-64.50	285.25-85.75	285.00-60.75
Jan.	244.00-46.00	261.00-64.50	247.00
March	245.00-44.00	258.00-62.00	245.00-240.5
May	243.50-44.00	255.00-60.00	244.00

Sales: 14,452 (7,338) lots of 50 tonnes

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £345.50 (£378.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for January 15: Daily price 28.20 (28.95); 15-day average 28.78 (29.95).

AMERICAN MARKETS

NEW YORK, January 16

PRECIOUS METALS rallied on the scepticism by the State Department that Iran would release the hostages. Copper moved in sympathy with Gold as fundamentals were being pushed into the background. Sugar prices collapsed due to a total lack of buying interest. Cotton buying developed following a favourable export report with cotton finishing moderately higher. The livestock complex finished mixed, trading in a narrow range. Cocoa prices moved higher on a good grinding report. Coffee prices rallied on Commission House short covering. Maize rallied on constructive fundamentals while soyabeans finished mixed, reported Heinold.

Copper—Jan. 84.95 (84.10) Feb. 85.50 (84.60). March 86.60-86.90, May 89.30-89.50, July 91.40-91.70, Sept. 93.35, Dec. 96.30, Jan. 97.00, March 98.75, May 100.35, July 101.95, Sept. 103.55. Sales 4,600.

Potatoes (round whites)—March 148.2 (149.6). April 172.3-172.8 (174.7). Nov. 88.0-88.5. Sales 3,035.

Sugar—No. 11: March 26.60-26.70 (28.71). May 26.75-26.90 (28.76). July 28.57. Sept. 27.53. Oct. 27.38. Jan. 24.80. March 24.50. May 24.50.

Tin—657.0-662.0 (659.0-675.0).

CHICAGO, January 16.

Lard—Chicago loose 20.25 (20.50).

Live Cattle—Jan. 63.75 (63.75), Feb. 66.07-66.15 (66.50), April 69.72-69.80, June 72.25-72.10, Aug. 72.35, Oct. 71.00, Dec. 72.00, Feb. 72.55.

Live Hogs—Feb. 46.60-46.65 (46.95), April 47.75-47.90 (47.77) June 51.60-51.35, July 53.05-53.10, Aug. 52.50, Oct. 51.30, Dec 54.70, Feb. 57.20, April 57.15.

‡‡Maize—March 379-378½ (375½), May 387½-387 (379¼), July 389¼-386½, Sept. 352-352¾, Dec. 376½-375¾, March 395½.

Pork Bellies—Feb. 53.50-53.20 (53.45). March 54.25-54.45 (54.37), May 56.20-56.25, July 58.30-58.20, Aug. 57.20 Feb. —.

†Soyabeans—Jan. 768½ (772½), March 785-787 (793), May 815-817, July 839-840, Aug. 848, Sept. 845-845, Nov. 854, Jan. 873½.

‖Soyabean Meal—Jan. 222.0 (220.9), March 223.3-228.8 (226.8), May 237.5-238.0, July 244.5-244.0, Aug. 247.0-247.5, Sept. 249.0-249.5, Oct. 245.5, Dec. 247.5, Jan. 250.0-253.0, March —.

Soyabean Oil — Jan. 24.10-24.05 (23.95), March 24.60-24.65 (24.58), May 25.50, July 26.25-26.30, Aug. 26.50, Sept 26.70, Oct. 27.15-27.00, Dec. 27.50, Jan. 27.45-27.55, March 27.80-27.90.

†Wheat—March 502-503 (504), May 511-511½ (513½), July 499½-500, Sept 511½-512, Dec. 533½-534, March —.

WINNIPEG, January 16.

§Barley—March 155.40 (152.80), May 156.40 (154.10), July 158.00, Oct. 158.60, Dec. 168.10

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen. †† $ per metric ton.

Thursday's closing prices

NEW YORK, January 15.

††Cocoa—March 1972 (1975), May 2025 (2030), July 2075, Sept. 2125, Dec. 2165, March 2240, May —. Sales 1,811.

Coffee—"C" Contract: March 132.25-132.30 (132.74), May 134.35-134.70 (135.08), July 135.50, Sept. 136.50-136.75, Dec 135.50 March 134.50-135.50, May 136.00-137.00. Sales 1,570

Cotton—No. 2: March 92.40-92.50 (92.75), May 93.85-93.95 (93.78), July 94.20-94.25, Oct 88.60-88.70, Dec 85.50-85.60, March 86.40-86.70 May 87.10-87.50 Sales 6,000.

*Gold—Jan. 556.7 (569.9), Feb. 561.0-563.0 (573.5), March 567.0, April 576.5-579.0, June 591.0-593.0, Aug. 613.0, Oct. 622.8, Dec. 637.8 Feb. 652.8, April 667.9, June 683.1, Aug. 698.3, Oct. 713.5. Sales 35,000

Orange Juice—Jan. 114.40 (93.00), March 105.20 (97.20), May 107.70, July 110.40, Sept. 112.90, Nov. 114.75, Jan. 114.75, March 116.00, May 117.25. Sales 650.

*Platinum—Jan. 536.0 (554.7), March 550.0 (570.0), April 556.7 July 576.7, Oct. 597.0, Jan. 617.5. Sales 1,493

¶Silver—Jan. 1473.0-1490.0 (1526.0), Feb 1491.0 March 1510.0-1520.0, May 1557.0-1565.0, July 1605.0 Sept 1650.0, Dec 1714.5 Jan. 1737.5 March 1780.5 May 1824.0 July 1866.5 Sept 1912.5 Sales 3,500 Handy and Harman bullion spot 1528.0 (1506.0)

CHICAGO January 15.

Chicago Imm Gold—Jan. 557.5 (570.0) March 569.0-570.0 (582.2), April 577.1 June 592.5-591.0 July 599.3, Sept. 614.1, Oct 621.6, Dec 637.0-624.0 Jan. 642.9, March 658.3

WINNIPEG, January 15. §Barley—March 152.80 (155.70), May 154.10-154.20 (157.10), July 156.20, Oct. 156.70, Dec. 156.20.

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 280.90 (283.85).

INDICES

FINANCIAL TIMES

Jan. 15	Jan. 14	Month ago	Year ago
259.88	260.42	260.12	292.03

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Jan. 15	Jan. 14	Month ago	Year ago
Spot	437.95	442.46	452.39	426.66
Fut'rs	464.30	467.68	476.43	435.72

(Average 1924-25-26=100)

MOODY'S

Jan. 15	Jan. 14	Month ago	Year ago
1218.9	1208.4	1219.5	1515.2

(December 31, 1931=100)

REUTERS

Jan. 16	Jan. 15	M'nth ago	Year ago
1705.4	1721.2	1721.4	1739.9

(Base: September 18, 1931=100)

POTATOES

LONDON POTATO FUTURES—February was still quiet. April lost £1 in early trading, then settled in a narrow range. November attracted heavy buying interest, being met by profit-taking which kept the price rise small, reports Coley and Harper. Closing prices: Feb. 49.50 −0.30 (no trade); April 61.70 −0.90 (high 62.40, low 61.60); Nov. 54.20 −0.20 (high 54.20, low 52.80). Turnover: 329 (69) lots of 40 tonnes.

★

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.80-£6.00, codlings £4.80, Large plaice £4.40, medium £3.50-£3.90, best small £2.20-£2.80. Lemon soles (large) £11.00, (medium) £8.50.

BRITISH FUNDS (617)

Stock Exchange dealings

Thursday, January 15	19,667
Wednesday, January 14	20,117
Tuesday, January 13	19,583
Monday, January 12	20,462
Friday, January 9	18,753
Thursday, January 8	20,778

The list below gives the prices at which bargains were done by members of the Stock Exchange and recorded in last Wednesday's Stock Exchange Daily Official List. For those securities not marked in Wednesday's List, we show the latest markings recorded during the previous two business days, these are distinguished by the date shown in parentheses.

The number of dealings marked on Wednesday in each section follows the name of the section. Unless otherwise denoted, shares are £1 fully paid and stock £100 fully paid.

Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 pm only, but later transactions can be included in the following day's Official List. The figures shown above, on the other hand, are the total number of bargains transacted in all securities up to 3.30 pm. No indication is available as to whether a bargain represents a sale or a purchase. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

‡ Bargains at Special Prices. Δ Bargains done with or between non-members. Φ Bargains done previous day § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying-in." $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Me—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

LONDON TRADED OPTIONS

(Jan. 15 Total contracts 647)

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	360	46	—	62	137	—	—	404p
BP	390	16	144	40	30	58	—	"
BP	420	2	7	25	6	40	14	"
BP	460	½	—	12	4	26	8	"
BP	500	¼	—	5	2	17	—	"
Cons. Gold	448	27	2	—	—	—	—	475p
Cons. Gold	460	—	—	53	2	68	—	"
Cons. Gold	550	—	—	—	—	25	1	"
Cons. Gold	598	⅛	3	5	1	13	—	"
Courtaulds	60	½	—	4	—	7½	7	53p
GEC	600	3	3	33	39	60	—	571p
GEC	650	¼	—	16	10	38	—	"
Grand Met.	130	18	18	—	—	—	—	147p
Grand Met.	140	8	27	16	—	21	8	"
Grand Met.	160	½	—	6	1	10	—	"
ICI	300	5	—	20	1	32	1	296p
ICI	330	½	—	10	5	20	—	"
ICI	360	½	—	4	3	10	—	"
Land Sec.	355	8	15	—	—	—	—	358p
Land Sec.	360	—	—	25	5	34	—	"
Marks & Sp.	90	24	4	30	—	—	—	113p
Marks & Sp.	100	14	27	20	11	24	4	"
Marks & Sp.	110	4½	36	13	—	17	2	"
Marks & Sp.	120	½	—	6½	11	11½	—	"
Shell	360	100	10	—	—	—	—	456p
Shell	390	70	1	—	—	—	—	"
Shell	420	40	12	52	5	68	10	"
Shell	460	6	70	30	10	44	—	"
Shell	500	½	—	18	45	30	—	"
Shell	550	½	—	6	12	18	—	"
Totals			379		340		55	
		February		May		August		
Lasmo	700	43	5	92	1	120	—	717p
Lasmo	750	21	—	66	2	94	—	"
Lasmo	800	8	—	41	6	70	—	"
Lonrho	90	—	—	15½	40	19	1	94p
Lonrho	94	6	10	—	—	—	—	"
Lonrho	104	3	37	—	—	—	—	"
Lonrho	110	—	—	4½	—	6½	1	"
Lonhro	114	1½	2	—	—	—	—	"
P. & O.	110	6	1	14	—	17	—	114p
Racal Elec.	300	13	7	29	—	39	—	291p
Racal Elec.	330	4	1	17	—	27	—	"
Racal Elec.	360	1	9	10	—	17	16	"
Racal Elec.	390	¼	—	5	—	11	5	"
RTZ	414	10	12	22	—	—	—	376p
RTZ	454	2	1	10	30	—	—	"
Totals			85		64		25	

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	April Vol.	April Last	July Vol.	July Last	Stock
ABN C	F.280	26	0.10 A	7	10.50	-	—	F.277
ABN C	F.300	—	—	12	4	6	6	"
AKZO C	F.17.50	10	0.10	15	1.60 B	—	—	F.17.30
AKZO C	F.20	—	—	—	—	30	1	"
AKZO P	F.15	—	—	—	—	15	0.80	"
AKZO P	F.17.50	72	0.30	24	1.10	—	—	"
AKZO P	F.20	8	2.70	5	2.70	-	—	"
AKZO P	F.22.50	5	5.20	—	—	—	—	"
KODA C	$60	25	11⅛	—	—	—	—	$71⅞
KODA C	$80	—	—	—	—	1	3¾	"
CITI C	$20	6	3⅝	—	—	—	—	$23
HEIN C	F.50	52	4.10 B	—	—	—	—	F.54.30
HEIN C	F.55	—	—	27	3.40	—	—	"
HEIN C	F.60	—	—	61	1	—	—	"
HEIN P	F.50	—	—	1	1.30	—	—	"
HEIN P	F.55	19	0.90	11	3.70	—	—	"
HEIN P	F.60	—	—	1	8	—	—	"
HOOG C	F.12.50	7	2.20	—	—	—	—	F.14.80
HOOG C	F.15	—	—	27	1	9	1.30	"
IBM C	$60	14	6	—	—	—	—	$66½
IBM C	$65	29	1½	31	5½	—	—	"
IBM C	$70	—	—	4	3	2	6	"
IBM C	$75	—	—	4	1⅛	—	—	"
IBM P	$65	26	⅛	—	—	—	—	"
IBM P	$70	12	4⅛	10	5	—	—	"
KLM C	F.55	21	4.20A	14	6	—	—	F.59.20
KLM C	F.60	82	0.10	31	3.70	10	5	"
KLM P	F.55	—	—	13	2	—	—	"
KLM P	F.60	35	0.80B	19	5A	—	—	"
KLM P	F.70	12	10.80A	—	—	—	—	"
NATN C	F.110	10	11A	10	12	—	—	F.121
NATN C	F.120	166	0.70	20	4.20	1	6	"
PETR C	Fr.5000	6	200A	—	—	—	-	Fr.5200
PHIL C	F.15	459	0.50	33	1.40	40	1.80	F.15.50
PHIL C	F.17.50	—	—	41	0.50	257	0.80	"
PHIL C	F.20	—	—	5	0.20	—	—	"
PHIL P	F.17.50	—	—	50	2.10B	5	3.60	"
POLA C	$25	—	—	4	2¼	—	—	$24½
OLIE C	F.160	21	53.20B	—	—	—	—	F.215.50
OLIE C	F.170	77	43.20A	—	—	—	—	"
OLIE C	F.180	44	33.20B	7	37.50B	—	—	"
OLIE C	F.190	68	23.20B	26	27.50	—	—	"
OLIE C	F.200	304	13.20B	43	21	5	25B	"
OLIE C	F.220	140	0.10	229	11.30	121	13.80	"
OLIE C	F.240	—	—	555	4.40	92	7.50	"
OLIE P	F.180	—	—	155	0.80	—	—	"
OLIE P	F.190	—	—	70	1.70	21	4.10	"
OLIE P	F.200	—	—	80	4.20	10	8.50	"
OLIE P	F.220	52	6.80B	85	12.20	—	—	"
OLIE P	F.240	—	—	10	27	—	—	"
UNIL C	F.110	10	15B	—	—	—	—	F.124.80
UNIL C	F.120	30	5B	—	—	—	—	"
UNIL C	F.130	—	—	2	5	—	—	"
UNIL P	F.130	115	5A	4	6.80	—	—	"
EXON C	$70	10	10½	—	—	—	—	$79
EXON C	$80	3	¼	—	—	—	—	"
XERO C	$60	—	—	5	4⅝	—	—	$59
		Feb.		May		Aug.		
BOEI C	$40	1	3⅝	—	—	10	7¼	$42½
BOEI C	$45	2	1¼	5	3½	—	—	"
BASF C	DM.130	—	—	—	—	3	4.50	DM122.80
MANN C	DM.140	—	—	—	—	10	3	DM127.10
OCCI C	$35	3	1¼	—	—	—	—	$33⅛
SLUM C	$100	19	19⅝	—	—	—	—	$117
SLUM C	$110	21	11⅝	—	—	—	—	"
SLUM C	$120	2	4¼	1	12	—	—	"
SLUM C	$130	5	1⅜	—	—	1	10	"
TOTAL VOLUME IN CONTRACTS						4413		

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	14 %	◼ Guinness Mahon	§14 %
Allied Irish Bank	14 %	■ Hambros Bank	14 %
American Express Bk.	14 %	■ Hill, Samuel	§14 %
Amro Bank	14 %	C. Hoare & Co.	†14 %
Henry Ansbacher	14 %	Hongkong & Shanghai	14 %
A P Bank Ltd.	14 %	Keyser Ullmann	14 %
■ Arbuthnot Latham	14 %	Knowsley & Co. Ltd.	16 %
Associates Cap. Corp.	14 %	Langris Trust Ltd.	14 %
Banco de Bilbao	14 %	Lloyds Bank	14 %
BCCI	14 %	Edward Manson & Co.	15 %
Bank of Cyprus	14 %	Midland Bank	14 %
Bank of N.S.W.	14 %	■ Samuel Montagu	14 %
Banque Belge Ltd.	14 %	■ Morgan Grenfell	14 %
Banque du Rhone et de la Tamise S.A.	14½ %	National Westminster	14 %
Barclays Bank	14 %	Norwich General Trust	14 %
Beneficial Trust Ltd.	15 %	P. S. Refson & Co.	14 %
Bremar Holdings Ltd.	15 %	Rossminster	14 %
Brit. Bank of Mid. East	14 %	Ryl. Bk. Canada (Ldn.)	14 %
■ Brown Shipley	14 %	Slavenburg's Bank	14 %
Canada Perm't Trust	15 %	E. S. Schwab	14 %
Cayzer Ltd.	14 %	Standard Chartered	14 %
Cedar Holdings	14 %	Trade Dev. Bank	14 %
■ Charterhouse Japhet	14 %	Trustee Savings Bank	14 %
Choulartons	14 %	Twentieth Century Bk.	14 %
C. E. Coates	14 %	United Bank of Kuwait	14 %
Consolidated Credits	14 %	Whiteaway Laidlaw	14½ %
Co-operative Bank	*14 %	Williams & Glyn's	14 %
Corinthian Secs.	14 %	Wintrust Secs. Ltd.	14 %
The Cyprus Popular Bk.	14 %	Yorkshire Bank	14 %
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E. T. Trust Limited	14 %		
First Nat. Fin. Corp.	16½ %		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	†14 %		

■ Members of the Accepting Houses Committee

* 7-day deposits 11½%, 1-month 11¾%. Short term £4,000 12 months 13.35%.

† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.

‡ Call deposits £1,000 and over 11½%.

* 7-day deposits 12%.

§ Demand deposits 12%.

BANK RETURN

	Wednesday January 14 1981	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	30,675,289	— 1,101,336
Bankers Deposits	460,578,232	— 1,046,459
Reserve & other Accounts	658,236,517	— 13,390,349
	1,164,043,038	— 15,538,124
ASSETS		
Government Securities	524,805,856	— 1,500,000
Advances & other Accounts	151,881,928	— 2,633,705
Premises Equipment & other Secs.	469,613,145	— 17,260,778
Notes	17,418,992	+ 5,861,845
Coin	323,117	— 5,486
	1,164,043,038	— 15,538,124
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	10,175,000,000	— 225,000,000
In Circulation	10,157,581,008	— 230,861,845
In Banking Department	17,418,992	+ 5,861,845
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,744,559,784	— 296,215,929
Other Securities	2,419,425,116	+ 71,215,929
	10,175,000,000	— 225,000,000

ACTIVE STOCKS

YESTERDAY—

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980-81 high	1980-81 low
Royal Ins. 'New'	Nil/pd	9	15pm	+ 4	31pm	10pm
GEC	25p	8	575	+ 2	620	326
Premier Cons.	5p	8	99	+ 5	127	36
Burmah Oil	£1	7	183	+ 4	249	162
Shell Transport	25p	7	458	+12	522	314
UDT	25p	7	50	+ 1	69	35
BP	25p	6	406	+14	502	320
De Beers Dfd.	R0.05	6	384	+ 2	553	368
GKN	£1	6	147	+ 2	279	133
ICI	£1	6	292	— 4	402	292
Plessey	50p	6	257	— 1	285	108
Unilever	25p	6	440	+ 2	512	388
BAT Inds.	25p	5	230	—	295	223
Lloyds Bank	£1	5	330	+ 3	358	277
RTZ	25p	5	395	—	486	322

ON THE WEEK—

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1980-81 high	1980-81 low
Royal Ins. 'New'	Nil/pd	44	15pm	— 4	31pm	10pm
Sovereign Oil	25p	44	403	+ 3	590	101
GEC	25p	41	575	—15	620	326
ICI	£1	41	292	—16	402	292
BP	25p	39	406	+ 4	502	330
Racal Electronics	25p	39	293	—12	370	175
Premier Cons.	5p	38	99	— 3	127	36
GKN	£1	37	147	— 2	279	133
ICL	25p	33	49	— 8	196	48
BAT Inds.	25p	32	230	— 7	295	223
Plessey	50p	31	257	— 8	285	108
LASMO	25p	28	715	—15	885	337
Tube Invs.	£1	28	172	—16	312	166
Thorn EMI	25p	27	286	—24	380	260
Marks & Spencer	25p	26	113	— 5	121	77

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RUBBER (11)

Anglo-Indonesia Cons. (25p) 108ø
Barlow Hldgs. (10p) 100

RULE 163 (3)

Bargains marked for approved companies engaged solely in mineral exploration.

* Denotes Irish currency.

JANUARY 9

Aran Energy 315 20 3 8 410*
Berkeley Exploration and Production (50p Paid) 240 2 ½ 3½ 5 6 7
Candecca Resources 202 3 4 5 6 7 8
Floyd Oil Participations 137 8 ½ 40 1½
Marinex Petroleum 145 7 8 9 50 1 ½ 2 3 4 5 8½
South West Cons. Minerals 33 4 ½
Sun Oil (UK) Oil Royalty 480 90 5 500 5

(By permission of the Stock Exchange Council)

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual Interest gross interest	payable	Minimum sum	Life of bond
	%		£	Year
Burnley (0282 25011)	13¾	½-year	500	2
Knowsley (051-548 6555)	13½	½-year	1,000	5-7
Redbridge (01-478 3020)	13½	½-year	200	5-6
Sefton M.B.C. (051 922 4040)	13½	½-year	2,000	2-5

BUILDING SOCIETY RATES

	Deposit rate %	Share accounts %	Sub'pn shares %	*Term shares %
Abbey National	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Aid to Thrift	10.85	11.37	—	—
Alliance	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs. 9.75 2 yrs., 9.50 1 yr.
Anglia	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Bradford and Bingley	10.25	10.50	11.75	11.25 one month's notice deposit
Bridgwater	9.00	9.25	10.75	11.25 5 yrs., 10.75 4 yrs., 10.35 3 yrs.
Bristol Economic	10.25	10.50	11.75	11.25 3 months. Escalator shares 11.00-12.50 (1-5 years)
Britannia	10.25	10.50	11.75	12.50 5 yrs., 11.75 2 months' notice
Burnley	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Cardiff	9.00	10.25	11.25	—
Catholic	9.00	9.50	10.50	— Share a/cs 9.70 over £5,000
Chelsea	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.30 6 mths., 10.65 1 yr. (min.)
Cheltenham and Gloucester	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Cheltenham and Gloucester	—	10.25	—	— Premium shares including 1.00 bonus p.a. (£15,000 or £20,000)
Citizens Regency	10.25	10.85	12.05	12.85 5 yrs., 12.35 4 yrs., 11.85 3 yrs.
City of London (The)	9.25	9.50	10.50	10.25 2 mths.
Coventry Economic	9.00	9.25	10.50	10.75 4 yrs., 10.25 3 yrs., 10.00 3 mths.
Coventry Provident	9.00	9.25	11.25	11.30 av. 5 yrs., 10.75 4 yrs., 10.00 3 mths.
Derbyshire	9.00	9.25	10.50	9.50 3 mths.
Ealing and Acton	9.00	9.75	—	10.40 2 yrs., £2,000 minimum
Gateway	9.00	9.25	10.50	9.50 6 mths. rising to 11.25 5 yrs.
Greenwich	—	10.75	12.00	12.75 5 yrs., 12.25 4 yrs., 11.75 3 yrs.
Guardian	10.25	10.75	—	12.25 6 mth., 11.75 3 mth., min. £1,000
Halifax	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Heart of England	9.00	9.25	10.50	— 3 mths. notice 10.00, 5 yrs. 11.25
Hearts of Oak and Enfield	10.25	10.75	12.25	12.00 4 yrs., 11.75 3 yrs., 11.50 2 yrs.
Hendon	9.50	10.00	—	11.00 6 mths. minimum £2,000
Huddersfield and Bradford	9.00	9.25	10.00	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs., 9.75 2 yrs.
Lambeth	9.00	9.50	11.25	11.25 5 yrs., 11.00 6 months' notice
Leamington Spa	9.10	9.35	12.45	10.85 1 year
Leeds Permanent	9.00	9.25	10.50	11.25 5 yrs., Optns. from 9.50 (6 mths.)
Leicester	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Liverpool	9.00	9.25	10.70	11.25 5 yrs. minimum £1,000
Melton Mowbray	9.10	9.35	10.50	11.85 6 yrs., 10.85 4 yrs., 10.10 2 yrs.
Mornington	9.75	10.25	—	—
National Counties	9.25	9.55	10.55	— 35 days' notice 10.25 min. dep. £500, 6 mths., 10.65
Nationwide	9.00	9.25	10.50	11.25 5 yrs., 10.74 4 yrs., 9.75 1 yr.
New Cross	9.75	10.00	10.00	11.25 on share accs., depending on min. balance over 6 mths.
Northern Rock	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Norwich	10.25	10.50	12.00	11.50 3 yrs., 11.25 2 yrs., min. £500
Paddington	8.75	9.75	11.25	10.50 6 mths., 10.25 3 mths.
Peckham Mutual	10.50	11.00	—	—
Portman	9.00	9.25	10.50	11.25 5 yrs., 10.30 6 mths.
Property Owners	9.25	9.75	11.20	11.25 4 yrs., 11.00 6 mths., 10.50 3 mths.
Provincial	9.00	9.25	10.50	10.25 5, 4, 3 yrs., 9.75 2 yrs.
Skipton	10.25	10.50	11.75	12.50 5 yrs., 11.60 wdl. 1 mth. loss int.
Sussex County	9.25	9.50	11.30	11.30 5 yrs., 10.90 4 yrs., 10.50 3 yrs.
Sussex Mutual	10.50	10.85	12.50	11.25-12.50 all with special options
Town and Country	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Walthamstow	10.25	10.60	11.75	12.60 5 yrs., 11.6 6 mth. not. min. £500
Wessex	10.50	11.20	—	12.20 min. 3 yrs., 6 mth. notice of wdl.
Woolwich	9.00	9.25	10.50	9.50 (6 mths.) rising to 11.25

* Rates normally variable in line with changes in ordinary share rates.
All these rates are after basic rate tax liability has been settled on behalf of the investor.

UK MONEY MARKET

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

The Treasury bill rate fell by 0.0602 per cent at yesterday's fixing to 12.8547 per cent, and the minimum accepted bid rose to £96.795 from £96.775. Bids at that level were met as to about 90 per cent and above in full. The £100m bills on offer attracted bids of £387.52m, and all bills offered were allotted. Next week a further £100m of bills will be on offer replacing maturities of £200m.

In the money market day to day credit was in very short supply as expected, and the authorities gave assistance on an extremely large scale. This comprised moderate purchases of Treasury bills, a small number of local authority bills, and a large amount of commercial bills, all direct from the discount houses. The market was faced with the 30 per cent call on Treasury 11½ per cent 1989 "A" stock, and a moderate excess of revenue transfers to the Exchequer over Government disbursements. In addition banks brought forward balances a small way below target, and there was a small amount of commercial bills maturing in official hands. On the other side there was a moderate amount of Treasury bills maturing outside official hands. Discount houses were paying 13¾-14 per cent for secured call loans at the start, with later balances taken at 13¾-14 per cent.

EXCHANGES AND BULLION

The dollar was firmer in currency markets yesterday, but finished close to its worst level of the day after late selling. This was prompted by rumours that some Iranian funds were already being switched out of dollars. However the market was extremely nervous, and trading was on the thin side, which tended to produce sharp fluctuations in currency rates. Against the D-mark the dollar closed at DM 2.0060, up from Thursday's level of DM 1.9995, but well down from the day's high of DM 2.0250. Similarly against the Swiss franc it finished at SwFr 1.8175 after a day's high of SwFr 1.84, and Thursday's close of SwFr 1.8130. It was firmer against the yen at Y202¾ against Y201.50 after touching Y203.25. On Bank of England figures, the dollar's trade weighted index rose to 87.3 from 86.8. The market was also uneasy ahead of U.S. money supply figures due later in New York, which were expected to show a sharp rise.

Sterling was firmer overall on a trade weighted basis, with its index finishing at 80.0 compared with 79.7. However this closing calculation was taken before the dollar's sharp fall, and the latter tended to depress sterling. It opened at $2.3950 against the dollar and touched a high of $2.4030 before finishing at $2.3930, a fall of 85 points from Thursday. Against European currencies sterling was very firm to start with, touching a high of FFr 11.21 before coming back to close at FFr 11.09 against FFr 11.11¾ on Thursday. It was hardly changed at the close in D-mark terms at DM 4.80 compared with DM 4.80¼.

Gold fell $12 an ounce in the London bullion market to close at $560-563, a fall of $16 on the week.

THE POUND SPOT AND FORWARD

Jan. 16	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3920-2.4030	2.3925-2.3935	1.35-1.45c dis	−7.02	2.90-3.00dis	−4.93
Canada	2.8500-2.8610	2.2505-2.8515	0.95-1.05c dis	−4.21	2.15-2.30dis	−3.12
Nethlnd.	5.20-5.28	5.21-5.22	2½-1½c pm	4.60	6¼-5¼ pm	4.41
Belgium	77.00-78.00	77.05-77.20	20-10c pm	2.33	44-34 pm	2.02
Denmark	14.74-14.91	14.74-14.76	1¼ore pm-⅛ dis	0.41	½-3½ dis	−0.52
Ireland	1.2820-1.2990	1.2830-1.2840	0.17-0.04p pm	0.98	0.23-0.07 pm	0.47
W. Ger.	4.78½-4.86½	4.79½-4.80½	2⅝-1⅝pf pm	5.31	6½-5½ pm	5.00
Portugal	128.50-129.60	128.70-129.00	10-80c dis	−4.19	45-95 dis	−2.17
Spain	193.60-194.60	193.65-193.90	25-130c dis	−4.80	180-265 dis	−4.59
Italy	2,280-2,301	2,280-2,282	2½-4½ lire dis	−1.84	16½-19½ dis	−3.16
Norway	12.54-12.61	12.54½-12.56½	5⅞-4⅞ore pm	4.59	13-11½ pm	3.84
France	11.08-11.21	11.08½-11.09½	4½-3½c pm	4.33	9¾-8¾ pm	3.34
Sweden	10.68-10.75	10.68-10.70	3⅛-4⅛ore dis	−4.56	11½-12½ dis	−4.49
Japan	482-490	484-486	2.45-2.00y pm	5.50	8.00-7.20 pm	6.27
Austria	34.00-34.35	34.00-34.10	10½-7½gro pm	3.17	29-23½ pm	3.08
Switz.	4.34-4.42	4.34½-4.35½	3¾-2¾c pm	8.96	9½-8½ pm	8.27

Belgian rate is for convertible francs. Financial franc 77.30-77.40.
Six-month forward dollar 4.30-4.45c dis, 12-month 5.00-5.20c dis.

GOLD

	Jan. 16		Jan. 15	
Gold Bullion (fine ounce)				
Close	$560-563	(£233⅝-234⅝)	$572-575	(£238¼-239½)
Opening	$564-567	(£235⅜-236⅝)	$565-568	(£235⅝-236⅞)
Morning fixing	$563.75	(£234.969)	$566.75	(£236.018)
Afternoon fixing	$560.75	(£233.938)	$571.50	(£237.630)
Gold Coins				
Krugerrand	$581-583	(£242½-243½)	$591-593	(£246-247)
1/2 Krugerrand	$295½-300½	(£123½-125½)	$303-307	(£126¼-127¾)
1/4 Krugerrand	$148½-153½	(£62-64)	$154-158	(£64-65¾)
1/10 Krugerrand	$60¼-63¼	(£25¼-26½)	$62-66	(£25¾-27½)
Mapleleaf	$575-580	(£240-242¼)	$587-592	(£244½-246½)
New Sovereigns	$142-143	(£59¼-59¾)	$145½-146½	(£60½-61)
King Sovereigns	$166-168	(£69-70)	$168-170	(£70-71)
Victoria Sovs	$166-168	(£69-70)	$168-170	(£70-71)
French 20s	$156-158	(£65½-66)	$156-158	(£65-65¾)
50 pesos Mexico	$702-705	(£293¼-294½)	$708-711	(£294¾-296)
100 Cor. Austria	$548-552	(£228¾-230½)	$552-556	(£230-231½)
$20 Eagles	$678-682	(£283-284¾)	$683-686	(£284½-285¾)

EXCHANGE CROSS RATES

Jan. 16	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.393	4.800	485.0	11.09	4.350	5.215	2281.	2.851	77.15
U.S. Dollar	0.418	1.	2.006	202.7	4.634	1.818	2.179	953.2	1.191	32.23
Deutschemark	0.208	0.499	1.	101.0	2.310	0.906	1.086	475.2	0.594	16.07
Japanese Yen 1,000	2.062	4.934	9.896	1000.	22.87	8.969	10.75	4703.	5.878	159.0
French Franc 10	0.902	2.158	4.328	437.3	10.	3.922	4.702	2057.	2.571	69.54
Swiss Franc	0.230	0.550	1.103	111.5	2.549	1.	1.199	524.4	0.655	17.73
Dutch Guilder	0.192	0.459	0.920	93.00	2.127	0.834	1.	437.4	0.547	14.79
Italian Lira 1,000	0.438	1.049	2.104	212.6	4.862	1.907	2.286	1000.	1.250	33.81
Canadian Dollar	0.351	0.839	1.684	170.1	3.890	1.526	1.829	800.1	1.	27.06
Belgian Franc 100	1.297	3.103	6.224	628.8	14.38	5.640	6.762	2958.	3.697	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 16)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 13/16	offer 18 15/16	bid 17 3/8	offer 17 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Jan. 16 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market deposits	Treasury Bills ø	Eligible Bank Bills ø	Fine Trade Bills ø
Overnight	—	13⅝-15	14-14¼	—	—	14⅛-14¾	13¼-14	—	—	—
2 days notice	—	—	14-14⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14-14½	14½	—	14½	14½	13½-14	—	—	—
One month	14⅜-14¼	14 1/16-14 3/16	14¼-14⅜	15¼-15½	14⅝	14⅝	13¾	13	13 13/16-14	14⅝
Two months	14⅝-14¼	14 1/16-14 3/16	—	15-15¼	14⅝	14⅝	13½-13⅝	12 15/16-13	13 9/16-13 11/16	14⅝
Three months	14⅜-14 3/16	14¼-14⅜	14 3/16-14⅜	14⅜-14⅝	14⅝	14⅝	13½	12⅞	13 3/16-13⅝	14½
Six months	13 15/16-13 13/16	13 13/16-14	13⅞-14	14-14¼	14⅛	14½	—	—	12⅞	13⅝
Nine months	13⅝-13½	13¾-13⅞	—	13⅞-14¼	14	14½	—	—	—	—
One Year	13½-13 7/16	13 7/16-13¾	13⅝-13¾	13⅝-13⅞	13⅞	14¼	—	—	—	—
Two years	—	—	13⅝-13¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13⅝-13¾ per cent; four years 13⅝-13¾ per cent; five years 13⅝-13¾ per cent. øBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13 7/16-13⅜ per cent; four-month trade bills 14¼ per cent.

Approximate selling rate for one-month Treasury bills 12⅞ per cent; two-months 12 13/16-12⅞ per cent; three-months 12 13/16 per cent. Approximate selling rate for one-month bank bills 13 27/32-13⅞ per cent; two-months 13 11/16 per cent; three-months 13½ per cent; one-month trade bills 14½ per cent; two-months 14⅜ per cent and three-months 14¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11¾-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 12.8457 per cent.

CURRENCY MOVEMENTS

Jan. 16	Bank of England Index	Morgan Guaranty Changes%
Sterling	80.0	−24.5
U.S. dollar	87.3	−7.0
Canadian dollar	79.7	−18.6
Austrian schilling	145.6	+21.4
Belgian franc	110.8	+10.1
Danish kroner	100.6	−8.4
Deutsche mark	145.0	+39.8
Swiss franc	184.9	+76.1
Guilder	122.2	+16.7
French franc	95.7	−7.9
Lira	49.7	−53.1
Yen	145.7	+48.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14-14¼	19¾-20	16-17	9 1/16-9¼	2-2½	8¾-8⅞	10½-10¾	14-16	11¾-12	5½-6
7 days' notice	14-14¼	19⅞-20⅛	16-17	9 1/16-9¼	2¼-2¾	8¾-8⅞	10⅛-10⅜	14½-16½	11⅜-11⅝	6¼-6½
Month	14 1/16-14⅜	20¾-21	18-18⅜	9¼-9⅜	5 7/16-5 9/16	9-9⅛	10⅛-10½	15¾-16¾	11¾-11⅞	7½-7¾
Three months	14¼-14⅜	18 15/16-19 1/16	17-17⅜	9 5/16-9 7/16	5⅝-5¾	9-9⅛	11⅛-11½	17-18	12 1/16-12 3/16	8⅛-8⅜
Six months	13 15/16-14	17⅜-17⅝	15⅝-16	9 5/16-9 7/16	5⅝-5¾	9-9⅛	11⅝-12	17½-18½	12⅜-12¾	8¼-8½
One Year	13⅝-13⅞	15 13/16-16 1/16	14¾-15⅛	9 5/16-9 7/16	5 5/16-5 7/16	8 13/16-9 1/16	12½-12⅞	18-19	12⅝-12¾	8¼-8½

Asian $ (closing rates in Singapore) one-month 20 15/16-21 1/16 per cent; three months 19-19⅛ per cent; six-months 17 7/16-17 9/16 per cent; one year 15¾-15⅞ per cent. Long-term European two years 14⅜-14¾ per cent; three years 14⅜-14½ per cent; four years 14¼-14⅝ per cent; five years 14-14⅜ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 19.30-19.50 per cent; three-months 18.40-18.50 per cent; six-months 16.80-16.90 per cent; one year 15.80-15.90 per cent.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.5286	+4.37	+1.11	±1.53
Danish Krone	7.72336	7.94027	+2.81	−0.45	±1.64
German D-Mark	2.48208	2.58257	+4.05	+0.79	±1.125
French Franc	5.84700	5.96990	+2.10	−1.16	±1.3557
Dutch Guilder	2.74362	2.80722	+2.32	−0.94	±1.512
Irish Punt	0.668201	0.690216	+3.29	+0.03	±1.663
Italian Lira	1157.79	1226.20	+5.91	+2.78	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Jan. 16	£	$		£ Note Rates
Argentina Peso	4801-4821	1998-2014	Austria	33.95-34.35
Australia Dollar	2.0315-2.0355	0.8475-0.8480	Belgium	77.70-78.50
Brazil Cruzeiro	160.10-161.10	66.80-67.13	Denmark	14.83-14.98
Finland Markka	9.339-9.351	3.9000-3.9010	France	11.12-11.24
Greek Drachma	112.009-115.257	47.40-47.50	Germany	4.83-4.88
Hong Kong Dollar	12.42-12.434	5.1810-5.1840	Italy	2315-2410
Iran Rial	174.00*	72.75*	Japan	486-492
Kuwait Dinar(KD)	0.646-0.652	0.2715-0.2717	Netherlands	5.25-5.30½
Luxembourg Frc.	77.05-77.20	32.21-32.23	Norway	12.52-12.64
Malaysia Dollar	5.3320-5.3430	2.2240-2.2270	Portugal	128½-143
New Zealand Dlr.	2.4955-2.5005	1.0410-1.0420	Spain	187¾-197¾
Saudi Arab. Riyal	7.94-8.00	3.3300-3.3320	Sweden	10.70-10.80
Singapore Dollar	4.9820-4.9930	2.0780-2.0810	Switzerland	4.36½-4.41
Sth. African Rand	1.7935-1.7945	0.7495-0.7500	United States	2.39-2.41
U.A.E. Dirham	8.76-8.82	3.6710-3.6730	Yugoslavia	79-83

Rate given for Argentina is free rate. * Selling rate.

U.K. CONVERTIBLE STOCKS 17/1/81

Statistics provided by dataSTREAM International

Name and description	Size (£m)	Current price	Terms*	Conversion dates⇔	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.‖	Income Div.♡	Cheap(+) Dear(−)◊ Current
British Land 12pc Cv. 2002	9.71	293.00	333.3	80-97	4.1	1.6	−0.1	−7 to 1	17.6	89.2	24.3	+24.4
Hanson Trust 6½pc Cv. 88-93	3.02	110.00	57.1	76-82	6.0	5.2	−2.3	−9 to −2	7.0	6.2	−0.7	+1.6
Slough Estates 10pc Cv. 87-90	5.44	250.00	187.5	78-86	4.0		1.0	−6 to 1	35.2	37.3	0.8	−0.2
Slough Estates 8pc Cv. 91-94	24.88	119.00	78.0	80-91	6.7	5.6	15.6	8 to 17	26.7	46.8	19.5	+4.0

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ‖ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◊ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness, − is an indication of relative dearness. ⇔ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

Better trend in equities led by oils and electricals
Share index up 3.4 at 451.9—Gilts inclined firmer

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Dec. 24	Jan. 8	Jan. 9	Jan. 19
Jan. 12	Jan. 22	Jan. 23	Feb. 2
Jan. 26	Feb. 5	Feb. 6	Feb. 13

* "New time" dealings may take place from 9 am two business days earlier.

December trade figures below some of the more optimistic expectations yesterday took the edge off an otherwise distinctly better performance in the equity sectors, but had little immediate impact on British Funds.

Disappointed to some extent by the Chancellor's remark that a further fall in interest rates is unlikely before the March 10 Budget, and still showing concern about the weight of public sector borrowing, long-dated Gilts extended the previous day's falls of a point by around ½ before hardening to record net gains of ½ on the continuing easing in the inflation rate shown in the Retail Price Index. The better trend continued in the after-hours' trade, but activity was small.

As in the recent setback, yesterday's turn for the better in equities was led by oils and electricals which attracted some genuine buying. Jobbers went with the trend in an effort to keep their book positions level. Much of the day's business was completed in the morning but the improved tone held throughout the session although expectations of a further improvement in the late dealings were dashed by some disappointment with the trade figures.

As a result, quotations of the leaders eased by a penny or so in the late trade and the FT 30-share index, 4.6 up at 2 pm, closed with a net gain of 3.4 at 451.9 to reduce its fall on the week to 9.3.

The bid from Lloyds and Scottish for UDT enlivened interest in other Hire Purchase shares which closed with some useful gains.

Hopes that the company's financial problems will shortly be solved left Massey Ferguson 35 higher at 170p; the price in yesterday's issue was incorrect.

Traded options ended a disappointing week by recording 968 deals for a week's daily average of 833. Proceedings were again dominated by Oil issues with BP and Shell attracting 352 and 175 trades respectively.

Yesterday saw the reintroduction of **New Cavendish Estates**, formerly Lidstone; from an opening level of 280p, the shares, in a thin market, rose to 330p which compares with the Lidstone suspension price of 323p.

HPs' wanted

Hire Purchases attracted buyers in the wake of Lloyds and Scottish surprise bid approach for UDT. Old speculative favourite FNFC moved up 1½ to 25½p, while **Wagon Finance** finished 5 to the good at 39p. Awaiting further developments, UDT hardened a penny more making a two-day rise of 12 to 50p, while **Lloyds and Scottish** rallied 3 to 141p. The banking sector otherwise was relatively quiet, but firm. **Midland** put on 5 to 330p and NatWest improved 4 to 360p, while **Lloyds** appreciated 3 to 330p. **Barclays** held the overnight level of 410p awaiting further news of the Massey-Ferguson rescue situation.

Insurances ended the week on a much brighter note. **Hambro Life** hardened 3 to 290p on satisfactory new life business figures, while **Equity and Law** put on 8 to 302p and **Pearl**, 400p, and **Refuge**, 204p, gained 6 apiece. Among Lloyds brokers, **Minet** added 3 to 87p as did **Willis Faber**, to 260p, while **Brentnall Beard** rallied a penny to 15p.

Leading Buildings went with the market trend. Among the scattered modest gains, **Tarmac** hardened a couple of pence to 240p on the company's twin-tube Channel railway tunnel plan. **Magnet and Southerns** continued to benefit from the interim results and added 4 to 122p for a gain on the week of 14. Renewed demand in a thin market left **Burnett and Hallamshire** 15 firmer at 890p, but lack of support clipped 5 from **Nottingham Brick**, 125p. Further buying lifted **M. J. Gleeson (Contractors)** 5 to 62p for a gain on the week of 11. Elsewhere, Jayplant came in for support and firmed 1½ to 8½p.

ICI touched 298p before drifting off to close 4 cheaper on the day at a new low of 292p; the preliminary results are due on February 26. **Fisons**, a particularly dull market of late on the company's decision not to market its latest anti-asthma drug, hardened a penny to 141p, but registered a loss on the week of 47. **British Benzol** dropped to 18p before closing a net 2 off at 19p on the interim loss and dividend omission.

Lonrho's announcement that it was prepared to consider offers for its near-30 per cent stake in **House of Fraser** prompted early dullness in the latter which dipped to 119p before recovering to end only a penny cheaper on balance at 124p. Lonrho added a penny to 94p. Other leading Stores attracted a slightly bigger trade than of late and most closed with modest gains. **Burton** added 2 more to 96p, while **Mothercare**, a dull market recently, rallied 4 to 210p. Among secondary issues, **Cantors**, 37p, and **Grant Bros.**, 95p, gave up 2 and 5 respectively following first-half losses and omitted dividends, but second thoughts about Thursday's interim statement left **Dixons Photographic** 3 firmer at 130p. **Polly Peck** added a couple of pence to 164p, but **Cornell Dresses** eased 3 to 75p, still up 10 on the week. Among Shoes, scattered speculative demand left **Stylo** 8 dearer at 133p.

Muirhead rebound

In the wake of the dismal annual results, **Muirhead** attracted renewed speculative buying and rose 16 to 78p on revived hopes of a bid from Tyco Laboratories which already owns nearly 15 per cent of the share capital. Elsewhere in a fairly active Electrical sector, **Concord Rotaflex**, 23p, and **First Castle Securities**, 80p, rose 3 and 4 respectively, while **Ferranti** added 10 at 435p. Large lines of **Electrocomponents** came on offer and the shares fell to 615p before closing a net 30 down at 635p. Recent adverse comment continued to cloud sentiment in **Unitech** which fell 18 to 242p, taking its decline on the week to 34. Among the leaders, **Racal** rallied 5 more to 293p; the interim results are due on January 29.

Haden Carrier became active in Engineerings on a reasonable demand which left the close 11 better at 172p. **Vosper** encountered speculative support and finished 15 higher at 100p, while **ML Holdings** added 5 to 255p and **Record Ridgway**, currently in receipt of a cash offer from Bahco, rose 2 afresh to 38p. Jenks and Cattell hardened 2 to 79p on news that Decongroom had increased its stake in the company to 29 per cent but **Carelo** lost 3 to 42p following adverse comment. **GKN** picked up 2 more to 147p and **Hawker** put on 4 to 234p.

Steady during the "House" session, leading Foods trended firmer in after-hours' dealings with **Associated Dairies** closing 4 dearer at 190p and **Tate and Lyle** ending 2 better at 140p. Unigate added 3 to 102p on the planned sale of its Cow and Gate subsidiary to a Dutch group. Elsewhere, **Fitch Lovell** eased 2 to 71p on the reduced interim profits, but **Somportex**, a strong market of late on excellent half-yearly figures, added 5 for a gain on the week of 115p to a peak 585p. Revived demand in a thin market lifted **Bernard Matthews** 11 to 298p.

Grand Metropolitan firmed 2 for a two-day gain of 10 to 148p in response to preliminary profits at the top end of market estimates.

Bowater good late

Miscellaneous industrial leaders took the previous day's technical rally a modest stage further. **Bowater** featured with a rise of 6 to 178p on a revival of Canadian drilling hopes. **BOC International** rose 3 to a 1980-81 high of 107p, while **Beecham** closed a similar amount better at 168p. Elsewhere, stimulated by Tarmac's "chunnel" proposals, **Channel Tunnel** revived with a rise of 9 to 132p. **ICL** rallied a penny to 49p as selling dried up but still sustained a fall on the week of 8. **Portals** found support at 394p, up 6, while **Hawkins and Tipson** put on 3 to 27p and **BTR** gained 5 to 356p. **Western Board Mills** improved the turn to 94p on the increased half-year earnings but **BET** shed 5 more to 114p after comment on the interim statement. **Letraset**'s maintained dividend outweighed the sharp fall in profits and the shares closed only a penny easier at 86p. Following share sales by company directors, **Feedex Agriculture** closed 3 down at 39p, while **United Guarantee** softened a penny to 10½p on the annual deficit. **Hunting Associated** came on offer at 260p, down 15, while **Applied Computers** dipped 5 to 110p as did **UKO International**, to 51p.

Dowty shed 5 for a fall on the week of 18 at 187p; the interim results are expected on February 12.

Newspapers ended on a firm note. **Associated** added 5 to 243p, while **Daily Mail "A"** rose 8 to 463p. Among regional issues, **United**, 195p, and **Portsmouth and Sunderland**, 77p, picked up 2 apiece. **Inveresk** spurted 11½ to 36p on news that talks are taking place that could result in an offer being made for the company.

Interest in Properties was mostly confined to secondary issues. **Estates and Agency** and **Rush and Tompkins** put on 6 apiece to 100p and 200p respectively, while **Sheraton Securities** added a penny to 13½p and **Westminster and Country** 2 to 56p. **Second City Properties** also firmed 2, to 65p.

Rally in Oils continues

Helped by firmer Wall Street advices, Oils took the previous day's rally a stage further and usually closed at, or near, the day's best. **British Petroleum** finished 14 firmer at 406p, while **Shell** ended 12 dearer at 458p, after 460p. **Tricentrol** picked up 8 to 314p, while **Sovereign** gained 18 to 403p and **IC Gas** 9 to 255p. A Press mention stimulated interest in **Premier** which put on 5 to 99p while, among onshore explorers, **Carless Capel** added 4 to 169p and **Candecca** 7 to 195p.

In Overseas Traders, rises of around 7 were seen in **Inchcape**, 455p, and **James Finlay**, 114p, but **S. and W. Berisford**, 178p, lost 4 of the previous day's gain of 6 which followed the annual results and capital proposals.

A broker's recommendation prompted increased speculative support for **R. P. Martin**, 11 up for a two-day gain of 38 to 150p. Elsewhere in Financial Trusts, **Scottish and Mercantile A** rose 7 to 175p, while **Hampton Trust** firmed 2 more to 67p. A sharply contrasting movement was provided by **Centreway Trust**, down 22 at 83p following the late announcement of an interim loss and passed interim dividend with a gloomy statement on current trading.

Selected Plantations came in for Far-Eastern support. **Harrisons Malaysian Estates** firmed 8 at 178p, while **Harrisons and Crosfield** advanced 50 to 787p, **Castlefield (Klang)** 10 to 470p and **Majedie** 6 more to 100p.

Golds easier

Another uncertain performance by the bullion price—finally $11 down at $561.50 an ounce for a week's fall of $16—left South African Golds showing further losses.

The sharemarket opened lower, reflecting overnight American selling, but subsequently staged a minor rally to close well above the day's lowest.

The Gold Mines index dipped 5.9 to 360.4 to bring the fall on the week to 30.5.

In the heavyweights, **President Steyn** closed almost a point cheaper at £16⅞, while falls of around ½ were common to **East Driefontein**, £12, **Southvaal**, £15¾, **Vaal Reefs**, £34⅞, and **Western Holdings**, £33¼.

Financials quiet

Financials were generally easier in quiet trading. In the South Africans, **Anglo American** declined 15 more to 615p and **GFSA** ¾ to £33¾.

The London issues were featured by **Charter** which improved strongly to close 9 higher at 197p reflecting persistent speculative interest. **Gold Fields**, on the other hand, gave up 6 more to 472p—a week's loss of 30—while **RTZ** held steady at 395p.

Australians ended the week on a firm note, although turnover remained at a very low level. In the leaders, **Consolidated Gold Fields Australia** gained 20 to 410p, while rises of between 3 and 5 were seen in **North Broken Hill**, 174p, **Pancontinental**, 525p, and **Western Mining**, 275p.

Speculatives showed **Cultus Pacific** 5 ahead at 44p and **Whim Creek** 2 up at 72p, after 74p.

Elsewhere, **Hemerdon Mining and Smelting**, currently engaged in a feasibility study of the Hemerdon wolfram orebody in Devon, fell 5 to 75p.

FINANCIAL TIMES STOCK INDICES

	Jan. 16	Jan. 15	Jan. 14	Jan. 13	Jan. 12	Jan. 9	A year ago
Government Secs.	68.05	68.06	68.47	68.39	68.31	68.65	68.55
Fixed Interest	69.98	70.24	70.33	70.27	70.22	70.54	68.99
Industrial Ord.	451.9	448.5	446.0	447.4	455.1	461.2	459.8
Gold Mines	360.4	†366.3	356.6	373.8	367.1	390.9	360.4
Ord. Div. Yield	7.94	7.98	8.00	7.97	7.85	7.74	7.14
Earnings, Yld.% (full)	17.75	17.87	17.91	17.84	17.57	17.32	17.72
P/E Ratio (net) (*)	6.91	6.86	6.84	6.87	6.98	7.08	6.93
Total Bargains	20,542	19,667	20,117	19,583	20,462	18,753	29,778
Equity turnover £m.	—	100.29	118.98	87.99	78.57	129.76	101.57
Equity bargains total	—	13,876	15,191	14,625	13,359	17,026	20,096

10 am 448.2. 11 am 448.7. Noon 452.4. 1 pm 452.9. 2 pm 453.1. 3 pm 452.6

Latest Index 01-246 8026.

*Nil=6.28

Basis 100 Govt. Secs. 15/10/26. Fixed Int 1928. Industrial Ord 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

†Correction.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compil'ti'n High	Since Compil'ti'n Low
Govt. Secs.	72.54 (21/7/80)	63.65 (7.5.80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7/80)	64.70 (10/3/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	515.9 (21/11/80)	406.9 (3/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9/80)	265.5 (18/3/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 16	Jan. 15
—Daily		
Gilt Edged	159.7	132.9
Industrials	82.3	84.6
Speculative	30.6	29.5
Totals	65.3	65.2
5-day Avrge.		
Gilt Edged	129.3	124.5
Industrials	96.6	87.0
Speculative	33.5	34.5
Totals	67.4	67.4

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Fri., Jan. 16, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Thurs., Jan. 15 Index No.	Wed., Jan. 14 Index No.	Tues., Jan. 13 Index No.	Mon., Jan. 12 Index No.	Year ago (approx.) Index No.	1980-81 High	1980-81 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (211)	273.00	+0.3	15.56	6.05	7.81	272.28	272.97	274.79	277.23	231.45	299.81 (21/11/80)	208.87 (3/1/80)	299.81 (21/11/80)	50.71 (13/12/74)
2	Building Materials (27)	238.88	+0.5	19.42	7.23	6.14	237.65	237.92	236.82	238.33	221.16	268.14 (21/7/80)	194.00 (3/1/80)	270.52 (8/5/79)	44.27 (11/12/74)
3	Contracting, Construction (26)	411.27	−0.2	22.22	6.18	5.41	411.91	410.69	410.79	409.81	348.70	437.01 (18/9/80)	313.00 (3/1/80)	451.74 (4/5/79)	71.48 (2/12/74)
4	Electricals (27)	889.89	+0.2	10.20	2.95	12.07	888.13	893.86	903.94	909.67	587.55	983.55 (1/12/80)	539.56 (2/1/80)	983.55 (1/12/80)	84.71 (25/6/62)
5	Engineering Contractors (11)	378.50	+1.0	15.75	6.84	8.09	374.85	375.67	379.29	383.60	296.72	399.31 (5/1/81)	264.74 (30/5/80)	429.70 (4/5/79)	64.39 (2/1/75)
6	Mechanical Engineering (71)	162.48	—	18.38	8.19	6.76	162.47	162.66	164.00	167.35	161.71	190.20 (18/7/80)	146.46 (3/1/80)	211.08 (8/5/79)	45.43 (6/1/75)
8	Metals and Metal Forming (13)	129.75	+0.9	20.58	12.87	6.15	128.61	127.24	128.20	132.99	161.10	173.09 (16/7/80)	127.24 (14/1/81)	192.29 (4/5/79)	49.65 (6/1/75)
9	Motors (21)	86.98	—	23.53	9.71	4.92	87.01	86.38	87.57	88.66	112.74	115.86 (29/1/80)	86.88 (14/1/81)	170.59 (15/1/69)	19.91 (6/1/75)
10	Other Industrial Materials (15)	278.74	+0.4	16.55	7.73	7.17	277.55	278.46	279.66	280.44	0.00	292.51 (5/1/81)	277.55 (15/1/81)	292.51 (5/1/81)	277.55 (15/1/81)
21	CONSUMER GROUP (199)	228.92	+0.5	16.61	6.85	7.32	227.75	227.50	228.79	231.64	226.65	252.42 (21/11/80)	200.15 (3/1/80)	269.81 (4/5/79)	61.41 (13/12/74)
22	Brewers and Distillers (20)	249.18	+0.6	18.70	7.34	6.34	247.69	244.70	244.42	246.58	273.08	306.45 (8/7/80)	244.42 (13/1/81)	306.45 (8/7/80)	69.47 (13/12/74)
25	Food Manufacturing (23)	205.96	+0.6	19.13	7.65	6.21	204.68	204.17	204.53	206.20	205.21	226.47 (18/9/80)	183.95 (28/3/80)	236.75 (4/5/79)	59.67 (11/12/74)
26	Food Retailing (14)	458.25	+0.6	10.23	3.38	11.56	455.30	455.55	459.35	465.47	321.59	486.44 (5/1/81)	286.28 (3/1/80)	486.44 (5/1/81)	54.25 (11/12/74)
27	Health and Household Products (7)	248.87	+1.1	10.65	5.73	11.17	246.21	245.38	245.67	248.91	209.91	264.75 (2/1/81)	175.38 (28/5/80)	291.13 (14/9/78)	175.38 (28/5/80)
29	Leisure (22)	327.38	−0.4	16.78	6.81	7.49	328.55	329.25	334.09	337.83	310.41	365.42 (21/11/80)	268.87 (3/1/80)	374.32 (3/5/79)	54.83 (9/1/75)
32	Newspapers, Publishing (12)	422.97	+0.9	21.79	7.33	5.97	419.04	424.25	423.80	427.49	427.83	456.79 (1/10/80)	378.52 (3/1/80)	492.56 (8/5/79)	55.08 (6/1/75)
33	Packaging and Paper (15)	110.52	+1.4	29.22	10.98	3.96	108.94	108.85	110.14	111.16	125.89	140.51 (21/7/80)	108.85 (14/1/81)	155.65 (14/9/78)	43.46 (6/1/75)
34	Stores (44)	239.22	+0.4	12.44	5.26	10.53	238.15	239.08	240.96	244.49	221.87	262.86 (21/11/80)	188.71 (3/1/80)	273.48 (4/5/79)	52.63 (6/1/75)
35	Textiles (21)	122.68	+0.2	20.94	11.00	6.24	122.37	122.57	123.77	124.06	132.61	140.52 (14/7/80)	116.89 (6/6/80)	235.72 (17/1/67)	62.66 (11/12/74)
36	Tobaccos (3)	194.06	—	29.56	12.00	3.85	194.06	194.26	196.24	195.75	221.71	240.29 (12/9/80)	192.86 (3/1/80)	339.16 (2/8/72)	94.34 (13/6/62)
39	Other Consumer (18)	235.78	+0.7	15.64	8.45	8.24	234.13	235.07	234.41	234.39	0.00	238.14 (31/12/80)	234.13 (15/1/81)	238.14 (31/12/80)	234.13 (15/1/81)
41	OTHER GROUPS (78)	206.41	−0.5	19.31	8.30	6.18	207.50	208.63	209.60	211.22	202.29	230.85 (21/7/80)	184.19 (3/1/80)	234.76 (8/5/79)	58.63 (6/1/75)
42	Chemicals (15)	274.88	−0.5	21.39	9.65	5.46	276.16	277.19	278.08	282.38	299.75	326.53 (7/7/80)	274.88 (16/1/81)	329.77 (4/5/79)	71.20 (1/12/74)
44	Office Equipment (6)	93.59	+0.2	21.97	8.89	5.32	93.41	93.19	97.18	97.30	109.15	123.10 (14/2/80)	93.19 (14/1/81)	246.06 (1/9/72)	45.34 (2/1/75)
45	Shipping and Transport (12)	520.58	+0.3	14.72	7.22	8.52	518.82	522.19	522.64	523.78	432.44	617.88 (22/8/80)	411.53 (10/1/80)	617.88 (22/8/80)	90.80 (29/6/62)
46	Miscellaneous (45)	250.06	−1.1	17.72	6.81	6.95	252.85	255.18	258.05	258.47	240.19	287.99 (31/7/80)	211.86 (3/1/80)	287.99 (31/7/80)	60.39 (6/7/75)
49	INDUSTRIAL GROUP (488)	241.91	+0.3	16.62	6.77	7.29	241.24	241.51	243.05	245.37	227.78	266.94 (21/11/80)	203.76 (3/1/80)	275.01 (4/5/79)	59.01 (13/12/74)
51	Oils (12)	898.45	+3.1	26.73	5.86	4.17	871.68	859.89	866.75	877.92	714.28	1065.24 (19/11/80)	668.96 (8/1/80)	1065.24 (19/11/80)	87.23 (29/5/62)
59	500 SHARE INDEX	293.80	+0.9	19.03	6.55	6.19	291.10	290.43	292.39	295.40	266.41	329.58 (21/11/80)	241.13 (3/1/80)	329.58 (21/11/80)	63.49 (13/12/74)
61	FINANCIAL GROUP (118)	228.66	+0.6	—	5.85	—	227.25	227.95	228.44	230.31	193.55	260.37 (28/10/80)	175.85 (3/1/80)	260.37 (28/10/80)	55.88 (13/12/74)
62	Banks (6)	236.65	+0.8	43.23	7.21	2.77	234.81	236.63	237.04	237.92	226.46	271.75 (29/10/80)	201.01 (8/4/80)	288.32 (20/7/72)	62.44 (12/12/74)
63	Discount Houses (10)	290.51	—	—	5.92	—	290.51	290.90	293.33	293.40	239.59	312.35 (21/11/80)	206.50 (18/3/80)	312.35 (21/11/80)	81.40 (10/12/74)
64	Hire Purchase (5)	202.64	+2.0	12.00	5.16	11.24	198.61	196.51	196.60	195.58	182.52	253.41 (24/7/80)	160.72 (3/1/80)	433.74 (4/5/72)	38.83 (11/12/74)
65	Insurance (Life) (10)	228.18	+1.3	—	5.78	—	225.30	226.39	224.93	226.88	159.91	272.22 (28/10/80)	151.80 (3/1/80)	272.22 (28/10/80)	44.88 (2/1/75)
66	Insurance (Composite) (9)	143.93	+1.1	—	8.13	—	142.29	142.10	142.52	145.20	128.66	183.32 (18/9/80)	117.05 (3/1/80)	183.32 (18/9/80)	43.96 (13/12/74)
67	Insurance Brokers (9)	299.59	+1.2	15.38	7.73	8.91	295.89	295.06	300.56	310.31	299.52	366.44 (18/9/80)	256.48 (3/1/80)	372.27 (11/8/78)	65.86 (16/12/74)
68	Merchant Banks (13)	143.25	−0.2	—	5.40	—	143.58	143.21	143.40	143.83	98.26	164.30 (19/11/80)	87.47 (3/1/80)	278.57 (1/5/72)	31.21 (7/1/75)
69	Property (45)	435.73	−0.1	3.38	2.82	41.17	436.33	437.68	437.99	439.47	346.93	474.19 (12/9/80)	304.20 (3/1/80)	474.19 (12/9/80)	56.01 (20/4/65)
70	Miscellaneous (11)	166.70	+0.3	16.45	5.88	7.72	166.16	167.78	169.84	170.74	128.82	171.55 (6/1/81)	119.62 (3/1/80)	303.18 (18/5/72)	33.29 (17/12/74)
71	Investment Trusts (109)	272.12	—	—	5.54	—	272.01	272.09	273.50	276.59	210.35	298.64 (29/10/80)	188.97 (3/1/80)	298.64 (29/10/80)	71.63 (13/12/74)
81	Mining Finance (3)	214.30	−0.1	15.31	6.26	7.78	214.48	213.89	219.77	223.44	195.62	277.15 (30/10/80)	161.95 (1/1/80)	277.15 (30/10/80)	66.31 (30/9/74)
91	Overseas Traders (20)	429.34	+2.1	11.96	6.84	10.18	420.65	420.28	422.70	425.72	377.02	462.79 (22/10/80)	330.03 (3/1/80)	462.79 (22/10/80)	97.37 (6/1/75)
99	ALL-SHARE INDEX (750)	280.79	+0.8	—	6.36	—	278.51	278.20	279.95	282.77	248.89	313.07 (21/11/80)	225.06 (3/1/80)	313.07 (21/11/80)	61.92 (13/12/74)

FIXED INTEREST PRICE INDICES

	British Government	Fri., Jan. 16	Day's change %	Thurs., Jan. 15	xd adj. today	xd adj. 1981 to date
1	Under 5 years	106.83	+0.12	107.08	0.38	0.89
2	5-15 years	107.99	+0.08	108.46	0.55	0.71
3	Over 15 years	111.70	+0.06	111.63	—	0.23
4	Irredeemables	126.19	+0.33	125.78	—	0.00
5	All stocks	108.55	+0.09	108.74	0.29	0.58

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Fri., Jan. 16	Thurs., Jan. 15	Year ago (approx.)	1980-81 Highs	1980-81 Lows
1	Low Coupons	5 years	11.84	11.83	11.89	13.32 (4/3/80)	11.17 (21/7/80)
2		15 years	12.54	12.52	11.89	13.12 (4/3/80)	11.11 (21/7/80)
3		25 years	12.61	12.60	11.89	13.12 (4/3/80)	11.11 (21/7/80)
4	Medium Coupons	5 years	13.65	13.64	14.08	15.37 (4/3/80)	12.45 (21/7/80)
5		15 years	14.13	14.12	13.55	14.71 (4/3/80)	12.40 (21/7/80)
6		25 years	13.89	13.88	13.45	14.50 (4/3/80)	12.35 (25/7/80)
7	High Coupons	5 years	13.69	13.71	14.50	15.44 (4/3/80)	12.71 (17/7/80)
8		15 years	14.35	14.35	14.03	15.06 (4/3/80)	12.81 (21/7/80)
9		25 years	14.10	14.10	13.73	14.92 (4/3/80)	12.63 (23/7/80)
10	Irredeemables		11.67	11.70	10.97	12.53 (21/3/80)	10.80 (21/7/80)

		Friday, Jan. 16 Index No.	Friday, Jan. 16 Yield %	Thur. Jan. 15	Wed. Jan. 14	Tues. Jan. 13	Mon. Jan. 12	Fri. Jan. 9	Thur. Jan. 8	Wed. Jan. 7	Year ago app'x	1980/81 Highs	1980/81 Lows	Since Compilation Highs	Since Compilation Lows
15	20-yr. Red. Deb. & Loans (15)	51.87	14.24	52.00	52.16	52.14	52.16	52.04	52.03	52.13	50.65	55.65 (30/7/80)	49.12 (7/1/80)	113.43 (28/10/66)	37.06 (3/1/75)
16	Investment Trust Prefs. (15)	51.35	15.75	51.55	51.15	51.15	51.15	50.98	50.96	50.98	47.78	52.61 (27/11/80)	46.54 (2/1/80)	114.41 (15/5/65)	34.45 (4/12/74)
17	Coml. and Indl. Prefs. (20)	67.88	13.25	67.67	67.99	67.99	67.99	67.76	67.76	67.74	61.81	68.53 (4/5/80)	60.92 (27/3/80)	114.96 (7/10/63)	47.67 (6/1/75)

Equity Section or Group	Base Date	Base Value
Other Industrial Materials	31/12/80	287.41
Other Consumer	31/12/80	238.14
Health/Household Prods.	30/12/77	261.77
Other Groups	31/12/74	63.75
Overseas Traders	31/12/74	100.00
Engineering Contractors	31/12/71	153.84
Mechanical Engineering	31/12/71	153.84
Office Equipment	16/1/70	128.20
Industrial Group	31/12/70	128.20
Miscellaneous Financial	31/12/70	128.06
Manufacturing	29/12/67	114.13
Food Retailing	29/12/67	114.13
Insurance Brokers	29/12/67	96.67
Mining Finance	29/12/67	100.00
All Other	10/4/62	100.00
British Government	31/12/75	100.00

† Redemption yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 25p. A fortnightly record of group and subsection indices, dividend yields and earnings figures since 1962, with quarterly highs and lows of the indices, is obtainable from the Book Sales Department, FT Business Publishing Limited, Minster House, Arthur Street, London, EC4R 9AX, at £50 per copy.

CONSTITUENT CHANGE: Giltspur (Miscellaneous Unclassified) has been deleted and replaced by Pritchard Services Group (Miscellaneous Unclassified).

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	25	1	69	148	171	156
Corpns., Dom. and Foreign Bonds	6	12	44	28	33	249
Industrials	230	194	968	800	1,483	4,677
Financial and Prop.	109	61	327	290	725	1,473
Oils	42	5	21	101	139	100
Plantations	6	—	17	23	8	84
Mines	37	59	67	163	334	318
Others	48	43	61	206	260	295
Totals	503	376	1,574	1,759	3,153	7,352

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 19	Jan. 30	Apr. 29	May 11
Feb. 2	Feb. 13	May 14	May 26
Feb. 16	Feb. 27	May 28	June 8

For rate indications see end of Share Information Service

Call options were taken out in Lonrho, Imperial Continental Gas, Hampton Trust, Airfix, Premier Oil, GKN, Conex, ICL, Keith Collins Petroleum, Grindlays, East Daggafontein, Hambro Life, Berkeley Exploration, FNFC, British Land, BP, John Brown and Second City Properties. No puts or doubles were reported.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p:	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
58	F.P.	5/2	335	308	✠Amer. Comm. Inds.	308	.....	—	—	—	—
$100	F.P.	5/2	£41½	£38½	✠Do. Notes 20%	£38½	.....	Q20%	—	20.8	—
610	F.P.	—	625	600	✠Cramphorn	625	.....	16.5	2.1	3.8	18.1
107‖	F.P.	12/1	134	118	Independent Inv. 25p	117	.....	—	—	—	—
70	F.P.	9/1	100	78	✠Midland Marts	88	.....	b3.75	2.0	6.1	11.8
100	F.P.	23/1	115	97	New Tokyo Inv Tst 50p	115	.....	—	—	—	—
50	F.P.	30/1	51	47	††Pennine	49	.....	—	—	—	—
**	F.P.	—	74	73	Westpool Inv. Defd	74	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price £	+ or −
‖	F.P.	14/1	111	100½	Allied London 8½% Cnv. Uns. Ln. 1999	101½	−½
‖	F.P.	26/2	107¾	106½	Chester Waterworks 9% Red. Pref. 1985	107	.....
100p	F.P.	28/1	105½p	102p	Comben 11.375% Cum. Red. Pref.	105½	.....
‖	F.P.	26/2	107¾	106½	East Anglian Water 9% Red. Pref. 1985	107¼	.....
‖	F.P.	26/2	107½	106¾	East Worcester 9% Red. Pref. 1985	107	.....
‖	F.P.	5/1	103	96	Energy Fin. 8% Cnv. Uns. Ln. '95-2000	97	.....
‖	F.P.	26/2	105	104½	Essex Waterworks 8½% Red. Prf. 1985	104½	.....
£100	£50	30/4	46	41	Lon. Merchant Secs. 7¾% CvUnsLn 2000-05	42½	−½
99	F.P.	23/3	100½	98¾	Mid-Sussex W'rw'ks 14% Red. Deb. 1986-88	100½	.....
‖	Nil	20/1	15p pm	7p pm	Paterson (R.) 11½% Cum. Cnv. Prf.	12pm	−1
**	F.P.	21/1	100p	97	Standard Industrial 11½% Pref	97	.....

"RIGHTS" OFFERS

Issue Price p:	Am'unt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980/81 High	1980/81 Low	Stock	Closing price p:	+ or −
30	F.P.	5/1	23/1	34½	32	Bremar Trust	34½	.....
115	F.P.	12/1	26/2	141½	134	Brotherhood P.	137	.....
75	F.P.	22/12	21/1	93	79	E. Midland Allied Press A	85	−1
5	F.P.	8/12	21/1	7	5	Grovebell	6	.....
210	F.P.	16/12	14/1	280	225	Hampton Gold Mining	250	.....
184	Nil	—	—	10pm	6pm	Johnson, Matthe	5pm	−4
140	F.P.	19/12	30/1	178	154	KCA Intnl.	158	.....
25	F.P.	19/12	4/2	26½	25	L. K. Industrial	26	.....
$A1.0555 cts	—	—	—	75	32	North Kalgurli Mines	45	+1
25	Nil	21/1	13/2	½pm	½pm	Prestwich Parker	½pm	.....
87	F.P.	15/12	16/1	125	106	Pritchard Services	116	.....
320	Nil	—	—	31pm	10pm	Royal Insurance	15pm	+4
78	F.P.	16/12	22/1	96	91	Scapa	95	.....
60	F.P.	9/1	13/2	76	67	Security Centres	75	.....
24¼	Nil	16/1	23/1	125pm	82pm	TNT	82pm	.....
145	F.P.	19/1	16/2	197	174	Warren Plants	197	+2

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *pt* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. † Resulting from debt settlement scheme. ‡‡ Units comprising 125 A Ord. & 6 12½% Cum. Pref.

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (17)

BRITISH FUNDS (1)
Treasury 3 pc '82

COMMONWEALTH AND AFRICAN LOANS (2)
Aust. 5½pc 81-82; Zimbabwe Ann

AMERICANS (1)
Richardson-Merrell

BANKS (1)
Arbuthnot Latham

BUILDINGS (2)
Burnett & Hallamshire; Gleeson (M. J.)

FOODS (1)
Somportex

INDUSTRIALS (3)
BOC Int.; Swire Pacific; Elec. Ind. Sec.

TRUSTS (4)
Crescent Japan; Martin (R. P.); G.T. Japan; Nippon Fund

OVERSEAS TRADERS (2)
Paterson Zochonis; Do. A N/V

NEW LOWS (36)

BRITISH FUNDS (1)
Exch. 12¼pc 1999 B (£20 pd)

AMERICANS (1)
Amax

BANKS (1)
Algemene

CHEMICALS (3)
BASF; ICI; Blagden & Noakes

STORES (1)
Ford (Martin)

ELECTRICALS (6)
Air Call; Dreamland; Arlen Elec.; Normand Elec.; Barez; Utd. Electronic

ENGINEERING (9)
Acrow A; Serck; Barton & Sons; Spear & Jackson; Carclo; Turriff; Dennis (J. H.); Utd. Wire; GEI Int.

INDUSTRIALS (8)
Berisfords; Sharna Ware; Cope Allman; UKO Int.; Pentos; Utd. Gas; Sangers; Utd. Guarantee

LEISURE (1)
Pan Atlas

MOTORS (1)
Airflow Streamlines

NEWSPAPERS (2)
Int. Thomson; Do. Conv.

TRUSTS (1)
Centreway Trust

MINES (1)
Hemerdon

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Frankfurt Trust Investment—GmbH
Neue Mainzer Strasse 74-76, D-6000 Frankfurt
FT-Interzins DM37.52 41.01 +0.02 —
Frankf. Effekt. Fd. DM50.85 53.53 −0.13 —
Free World Fund Ltd.

[illegible]

Phoenix International
PO Box 77, St. Peter Port, Guern. 0481 26741
Inter-Dollar Fund US$3.07 3.31 — —
Far East Fund US$2.44 2.63 — —
Intl. Currency Fund US$1.70 1.84 — —
Dollar Fxd. Int. Fund US$2.26 2.44 — —
Ster. Exempt Gilt Fd. £1.37 1.49 — —

Providence Capitol Life Ass. (C.I.)
PO Box 121, St Peter Port, Guernsey 0481 26726/9

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	57.3	61.6xd	+0.8	2.35
Abbey Capital	42.3	45.7	+0.1	5.36
Abbey General	51.6	55.8xd	+0.4	5.50
Abbey Gilt & F.I. Tst.	103.5	108.9xd	-0.3	12.03
Abbey Income	31.5	34.0xd	+0.1	10.32
Abbey W'Wide Bd Tst.	90.7	96.0	-0.4	6.98
Abbey Inv. Tst. Fd.	47.3	51.1	-0.1	4.97
Equitas Prog. Tst.	74.7	80.8	+0.5	5.06

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	86.2	90.7	-0.2	13.23

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	83.0	88.8	+0.5	6.50
Brit. Inds. Fund	71.3	76.3	+0.4	7.00
Growth & Income	46.7	50.0xd	+0.3	5.40
Elect. & Ind. Dev.	40.9	43.8	.....	5.71
Allied Capital	89.5	95.8	+0.1	4.59
Hambro Fund	122.9	131.5	+0.5	6.58
Hambro Acc. Fund	169.3	181.2	+0.8	5.02
Income Funds				
High Yield Fd.	60.1	64.3	-0.2	9.72
High Income	73.4	78.5	+0.2	8.09
A. H. Eq. Inc.	41.5	44.4xd	+0.1	8.24
Govt. Secs.	24.8	25.5	-0.1	12.27
International Funds				
International	33.6	36.0xd	+0.3	2.75
Pacific Fund	62.9	67.3xd	+0.4	1.22
Secs. Of America	69.6	74.5	+0.5	2.15
Specialist Funds				
Smaller Co.'s Fd.	51.5	55.1xd	-0.1	4.72
2nd Smlr. Co's Fd.	62.3	66.7	-0.1	4.50
Recovery Sits.	125.9	134.7	-0.2	5.64
Met. Min. & C'dty.	65.2	69.8	+0.7	5.44
Overseas Earnings	63.1	67.5xd	+0.3	5.47
Exempt Funds♦				
Income Exempt	46.5	48.8xd	+0.1	8.71
Far East Exempt	68.1	70.8	.....	2.12
Smaller Co. Exempt	79.8	83.8	.....	4.77
U.S.A. Exempt	118.3	123.0	+0.8	2.64

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	61.7	66.4	.....	4.30

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4931

Inc. Monthly Fund	144.0	154.0	.....	12.06

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital†	34.0	36.6	.....	—
Commodity***	98.2	105.6	.....	2.53
(Accumulation)	153.6	165.2	.....	2.53
(10% Withdrawal)	74.0	79.6	.....	2.53
Eastern & Internatl.†	38.5	41.4	.....	1.00
(6% Withdrawal)	27.0	29.1	.....	1.00
Extra Income	92.6	99.6	-0.2	10.10
(Accumulation)	110.8	119.2	-0.3	10.10
Finance & Property*	24.0	25.6	.....	4.33
Foreign††	124.5	133.9	.....	1.00
Giants	42.1	45.0xd	.....	5.38
(Accumulation)	55.0	58.8xd	+0.1	5.38
Gilt & Fixed	42.2	44.2	-0.2	12.20
(Accumulation)	44.6	46.8	-0.2	12.20
Growth	41.3	44.1	+0.3	4.77
(Accumulation)	54.3	58.1	+0.5	4.77
High Income	34.4	36.8	.....	10.47
(Accumulation)	56.0	59.9	.....	10.47
(8½% Withdrawal)	45.6	48.7	+0.1	10.47
High Yield	40.3	43.1	+0.1	11.88
(Accumulation)	70.5	75.4xd	.....	11.88
North American††	34.5	36.9	.....	1.00
Preference	21.9	23.6xd	.....	13.56
(Accumulation)	43.3	46.6xd	+0.1	13.56
Smaller Companies*	30.3	32.4	.....	5.45

Dealings: †Tues. *Wed. ††Thurs. ***Friday.

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)
317, High Holborn, WC1V 7NL. 01-831 6233

Archway Fund	111.8	120.2xd	.....	5.50

Prices at Jan. 15. Next sub. day Jan. 22.

Barclays Unicorn Ltd.♥ (a)(c)(g)
Unicorn Ho. 252, Romford Rd., E7. 01-534 5544

Unicorn America	35.0	37.6	+0.3	1.34
Do. Aust. Acc.	148.0	159.1	+0.2	1.24
Do. Aust. Inc.	112.9	121.3xd	+0.1	1.24
Do. Capital	82.3	88.4	+0.3	5.13
Do. Exempt Tst.	115.4	124.0	+0.1	7.48
Do. Extra Income	27.9	30.1	.....	9.49
Do. Financial	99.4	106.8	+1.0	3.39
Do. 500	82.8	89.0	-0.3	6.46
Do. General	38.6	41.5	+0.2	5.85
Do. Gilt & Fxd. Int. Inc.	47.3	49.5	-0.3	12.78
Do. Growth Acc.	61.6	66.2	+0.4	4.19
Do. Income Trust	91.7	99.1	-0.1	7.37
Do. Prf. A'ns. Tst.	242.1	257.5	+3.1	3.88
Do. Recovery	53.1	57.0	+0.1	6.50
Do. Trustee Fund	135.2	145.3xd	-0.1	6.15
Do. W'dwide Tst.	53.9	57.9xd	+0.2	3.34
B'tst. In. Fd. Acc.	94.7	98.6	+0.2	5.73
Do. Income	74.4	77.5	+0.2	5.73

Baring Brothers & Co., Ltd.♥ (a)(x)
88, Leadenhall St., EC3. 01-588 2830

Stratton Trust	248.2	258.6	.....	4.44
Do. Accum.	331.6	345.8	.....	4.44

Next sub. day Jan. 20.

Bishopsgate Progressive Mgmt. Co.♥
9, Bishopsgate, EC2. 01-588 6280

B'gate. Pr. **Jan. 6	265.7	282.3xd	.....	4.30
Acc. Units **Jan. 6	335.5	356.5	.....	4.30
B'gate. Int. Jan. 13	260.2	275.8	.....	1.78
(Accum.) Jan. 13	298.7	316.6	.....	1.78

Next sub. day Jan. 27. **Jan. 20.

Bridge Fund Managers (a)(c)
Regis Hse., King William St., EC4. 01-623 4951

Amer. Gen.	33.9	36.1xd	.....	1.58

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	32.8	35.9xd	-0.2	12.53
North American	58.7	63.5	+0.3	2.71
Canadian Exempt*	63.7	67.9	.....	3.47
Canadian Trust	64.2	69.4	-0.3	2.57
Mid Mount High Inc.*	46.2	48.9	.....	9.87
Recovery	55.3	60.4	+0.2	7.14
Gilt Trust	42.1	44.1	-0.1	13.12

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	38.8	41.8	+0.3	0.90
Cres. Internat'l.	73.7	79.5	+0.4	1.81
Cres. High. Dist.	38.9	42.0	-0.1	11.63
Cres. Reserves	47.1	50.8	+0.2	5.66
Cres. Tokyo	29.9	32.2	+0.4	1.16

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.0	25.5	.....	9.97

Discretionary Unit Fund Managers
36/38 New Broad St., EC2M 1NU. 01-638 4485

Disc. Inc. Jan. 9	215.6	230.0	.....	5.76

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	16.8	18.6xd	.....	9.03
Gt. Winchester O'seas	25.1	27.9xd	.....	4.01

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	85.6	92.1	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	82.9	87.2	+0.4	4.98

Fidelity International Management Ltd.
62-63 Queen St., London EC4 1AD 01-248 4891

American (z)	32.1	34.9	+0.5	0.82
Ameri. Spec. Sits. (z)	23.6	26.0	+0.2	0.91
Gilt + Fixed Int.	24.4	25.7xd	.....	12.56
Growth + Income	29.0	31.2xd	.....	7.94
Maximum Inc. Eq. Tst.	24.1	26.0	.....	9.26
Special Sits.	37.2	40.1	+0.3	1.99

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	35.3	37.9	.....	2.30
Accum. Units	43.8	47.1	.....	2.30
J. Finlay High Income	33.0	35.5	.....	10.47
Finlay Wld. Energy	18.6	20.2	+0.3	1.55
Accum. Units	24.1	25.9	+0.4	1.55
J. Finlay Fd. In. Tst.	37.2	40.0	.....	5.18
Accum. Units	47.1	50.6	.....	5.18

Prices on Jan. 14. Next dealing Jan. 21.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	71.6	76.4	+0.2	0.87
Am. T'around	65.4	69.8	+0.8	1.74
Capital Tst.	56.0	59.8	-0.2	5.58
(Accum. Units)	58.2	62.2	-0.2	5.58
Extra Income Trust	44.4	47.4xd	.....	11.49
Income Tst.	36.2	38.6	.....	8.68
Int. Growth Fd.	57.8	61.8	+0.2	1.87
(Accum. Units)	62.2	66.4	+0.4	1.87

Friends' Provdt. Trust Mgrs. (a) (b) (c).
Pixham End, Dorking. 0306 5055

Friends Prov. Units	56.7	80.6	+0.3	4.85
Do. Accum.	81.7	87.3	-0.6	4.85

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Dec. 31	142.6	143.0	.....	4.90
Gross Inc. Dec. 31	79.4	81.4xd	.....	11.82
High Yield Dec. 31	90.9	94.2	.....	11.04

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16, Finsbury Circus, EC2M 7DJ. 01-628 8131

G.T. Cap. Income	137.2	147.5	-2.0	2.40
Do. Acc.	174.1	137.1	-2.6	2.40
G.T. Inc. Fd. Un.	194.0	208.5	-1.6	8.80
G.T. U.S. & Gen.	191.2	205.5	-0.2	1.70
GT Wld. Bd. Fd.	93.5	97.3	+0.1	6.20
G.T. Japan & Gen.	97.7	105.0	+1.8	1.10
♦Gt. Pens. Ex. Fd.	324.9	342.0	+0.4	1.90
G.T. Int'l. Fund	230.0	247.3	+1.1	1.90
G.T. Four Yds. Fd.	48.6	52.2	-0.3	7.10
G.T. Far East & Gen.	94.8	101.9	+1.1	1.40

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood (0277) 227300

G. & A.	39.8	42.5	+0.1	5.48

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Trust	39.1	42.0xd	+0.3	0.40
British Tst. (Acc.)	82.5	88.7	+0.7	3.22
British Tst. (Dist.)	82.5	88.7	+0.7	3.22
Commodity Share	52.9	56.9	+0.7	3.67
Extra Income Tst.	20.1	21.6	-0.1	11.40
Far East Trust	57.4	61.7	+0.2	1.25
Gilt Trust	23.5	24.5xd	.....	12.85
High Income Tst.	51.5	56.5	+0.1	11.03
Income Fund	75.0	80.7	-0.1	7.67
Ins. Agencies	£16.25	17.38xd	-0.01	5.02
Intl. Exempt Fd.	105.2	115.1	+1.0	5.49
Intl. Tst. (Acc.)	51.3	55.2	-0.1	1.16
Intl. Tst. (Dist.)	51.3	55.3	-0.1	1.15
Japan Trust	27.1	28.9	+0.2	0.27
Special Sits. Tst.	39.3	41.9	+0.1	1.13

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	27.6	30.1	-0.1	10.80
Income	36.6	39.8	-0.1	10.90
Accumulation	86.2	93.7	+0.8	4.60
Growth	48.5	52.8	+0.5	4.40
UK Mkt. Leaders	50.9	54.8	+0.4	5.60
Small Co's	42.5	46.3	-0.2	4.50
Technology	59.8	65.0	.....	4.90
Private	54.9	59.7	+0.3	3.00
Intl. Erns. & Assets	51.3	55.8xd	+0.5	4.50
American	30.5	32.9	+0.7	1.00
Far East & Gen.	39.0	42.0	.....	1.80

Govett (John)
77 London Wall, EC2 01-588 5620

Stockholder Jan. 16	156.5	166.3	-9.2	2.25
Do. Accum. Unit	199.2	211.7	-11.6	2.25
St. European	64.7	68.0	-1.3	2.34

Next dealing January 30.

Grieveson Management Co. Ltd.
59 Gresham Street, EC2P 2DS 01-606 4433

Barr'gtn. Jan. 14	286.1	303.3xd	.....	5.42
(Accum. Units)	341.8	352.3	.....	5.42
Barrgtn. H.Y. Jan. 15	153.8	163.7xd	.....	11.64
(Accum. Units)	215.9	229.7	.....	11.64

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980-81 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
92¼	82¼	Aust. 5½pc '81-82	92¼	+¼	6.03	13.61
85¼	72½	Do. 6pc 1981-83	83¼	......	7.23	13.25
67¼	58	N.Z. 7¼pc 1988-92	63¼	......	11.42	13.63
82¼	72	Do. 7½pc '83-86	78	......	9.69	13.50
97¼	88	Sth. Africa 9½pc 79-81	97¼	......	9.96	15.80
160	95	S. Rhod. 2½pc Non-Ass.	124	+3	—	—
49	31	Do. 3½pc 80-85 Asstd.	49	+1	7.43	22.40
32	20½	Do. 4½pc 87-92 Asstd.	29xd	+1	15.51	21.60
380	270	Zimbabwe Ann (£100pa)	380	+10	—	22.87

LOANS

Public Board and Ind.

1980-81 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
64½	56½	Agric. Mt. 5pc '59-89	62¼	......	3.12	12.48
84	73½	Alcan 10½pc '89-94	76½	......	14.73	15.20
30	25	Met. Wtr. 3pc 'B'	28½	......	10.85	13.04
104½	85	U.S.M.C. 9pc 1982	103	......	3.86	—
93	85½	Do. without Warnts.	93	......	9.80	12.30

Financial

1980-81 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101½	93½	FFI 14pc '83	99¼	......	14.04	14.10
90½	79½	FFI(UK) Fn 6½pc Db. '80-2	90	......	6.11	13.40
82½	71½	Do. 6¼pc Db. '81-84	82	......	7.33	12.90
95	80½	Do. 10¼pc Uns.Ln. '86	87½	......	12.09	14.05
92½	77	Do. 11pc Uns.Ln. '88	88	......	12.50	13.35
96	82	Do. 11¼pc Uns.Ln. '90	88½	......	13.58	14.50
101	84½	Do. 12½pc Un. Ln. 1992	93	......	14.02	14.50
67	56	Do. 7¼pc ADeb. '89-92	60	–½	12.34	14.60
66½	57½	Do. 7½pc ADeb. '91-94	60	......	12.62	14.40
76½	64½	Do. 9pc 'A' '91-94	72	......	13.24	14.40
71½	61	Do. 9¾pc Ln. '92-97	68	......	13.88	14.60

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MINES—Continued

Australian

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
37	21	Acmex 50c	34	......	Q2.5c	—	3.7
28	12	ACM 20c	18½	+1	—	—	—
*199	46½	Bond Corp.	142	......	Q7.5c	1.9	2.6
156	87	Bougainville I Kina	89	+2	tuQ8.2c	1.0	15.1
*350	221	CRA 50c	274	−4	tQ15c	2.1	2.7
25	11½	Canada Northwest	22	+1	—	—	—
42	8	Carr Boyd 20c	28	+2	—	—	—
545	152½	Central Pacific	370	+5	—	—	—
44	17	Cultus Pacific N.L.	44	+5	—	—	—
52	20	Eagle Corp. 10c	23	......	—	—	—
41	15¼	Endeavour 20c	35	+2	—	—	—
600	175	G. M. Kalgoorlie 25c	440	−5	Q13c	ϕ	0.3
46	15	Great Eastern	19	+1	—	—	—
*275	117	Hampton Areas 10p	245	−10	t2.5	2.4	1.5
*168	30	Haoma Gold N.L.	156	−8	—	—	—
95	15	Intl. Mining	80	+5	—	—	—
390	11	Kitchener NL 25c	193	−2	—	—	—
720	60	Leichardt Expln.	105	+5	—	—	—
500	300	Meekatharra	365	......	—	—	—
43	7	Metals Energy	25	+2	—	—	2.6
91	41	Metals Ex. 50c	57	−1	§Q3c	2.9	2.7
39	9½	Metramar Mins. 20cts.	30	......	—	—	—
*284	150	M.I.M. Hldgs. 50c	205	+2	bQ27.6c	1.7	6.6
26	7	Minefields Expl. 25c.	17	......	—	—	—
155	60	Mount Lyell 25c	98	......	Q15c	1.7	7.9
28	15	Newmetal 20c	20	+1	—	—	—
69	13	Nickelore N.L.	51	......	—	—	—
214	137	North B. Hill 50c.	174	+4	Q18c	3.1	5.1
*106	31	Nth. Kalgurli	74	......	—	—	—
165	90	Nth. Mining Corp.	116	−2	—	—	—
*144	24	N. West Mining N.L.	114	......	—	—	—
*132	52	Oakbridge 50c	117	......	tQ12c	1.1	5.0
200	70	Oilmin N. L.	170	......	—	—	—
240	128	Pacific Copper	180	−2	—	—	—
620	255	Pancont'l 25c	525	+5	—	—	—
78	42	Paringa M&Ex.5p	42	−2	—	—	—
625	335	Peko-Wallsend 50c.	475	......	tQ17.5c	ϕ	1.8
230	100	Seltrust A	100	......	—	—	—
206	57½	Southern Pacific	140	+3	—	—	—
100	31	Swan Resources 20c.	62	+2	—	—	—
34	8	West Coast 25c	17	......	—	—	—
332	177	Westn. Mining 50c.	275	−3	Q14c	1.6	2.5
45	10	Westmex	22	......	—	—	—
108	56	Whim Creek 20c.	72	+2	—	—	—
101	10½	York Resources	89	......	—	—	—

Tins

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	10	Amal Nigeria 1p	11	......	‡6.0	—	—
370	255	Ayer Hitam $M1	250	......	Q205c	1.0	15.2
72	42	Beralt Tin	56	......	4.5	3.2	11.5
308	149½	Berjuntai $M1	255	−11	Q85c	ϕ	6.7
230	135	Geevor	150	......	‡8.4	1.9	‡
12½	8½	Gold & Base 12½p	8½	......	—	—	—
810	310	Gopeng Cons.	600	−20	Z21.0	ϕ	5.0
450	260	Hongkong	415	−10	‡35.87	ϕ	‡
145	90	Idris 10p	120	......	14.0	1.2	16.7
15	12½	Jantar 12½p	13	......	1.5	ϕ	16.5
118	64	Kamunting $M0.50.	95	......	‡Q80c	1.0	‡
565	150	Killinghall $M1	545	......	ttbQ50c	ϕ	1.8
128	49½	Malay Dredging 10c	98	−2	hQ38c	0.9	7.5
42	26	Pahang	33	......	0.44	0.3	1.9
120	83	Pengkalen 10p	100	......	Z2.5	ϕ	3.6
415	230	Petaling $M1	365	......	Q180c	ϕ	9.5
44	18	South Crofty 10p	22	......	‡1.0	ϕ	‡
305	215	Sungei Besi $M1.	215	......	‡Q480c	1.1	‡
100	22½	Supreme Corp. $M1.	95	......	‡Q15½c	ϕ	3.2
125	90	Tanjong 15p	118	......	5.75	6.0	7.0
115	78	Tongkah H. Tin $Sm	85	......	Q23%	0.4	5.4
480	220	Tronoh $M1	360	−10	‡Q250c	0.7	‡

Copper

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
260	130	Messina R0.50	200xd	......	Q45c	ϕ	12.9

Miscellaneous

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	157	+7	—	—	—
97	43	Barymin	55	......	—	—	—
17	12	Burma Mines 10p	15½	......	0.62	1.1	5.8
445	53	Colby Res. Corp.	279	−16	—	—	—
502	240	Cons. Murch. 10c.	240	......	tQ30c	1.8	7.2
180	75	††Hemerdon 10c.	75	−5	—	—	—
225	36	Highwood Res.	175	......	—	—	—
585	325	Northgate C$1	350	......	—	—	—
*486	322	R.T.Z.	395	......	t16.0	3.2	5.8
£115	£97½	Do. 9½% Cv. Ln. '95-2000	£97½	−½	Q9½%	—	10.0
138	91	††SPO Minerals 10p	129	......	—	—	—
58	26	Sabina Inds. C$1	38	−4	—	—	—
51	30	††SWCM 10p	30	......	—	—	—
650	411	Tara Exptn. $1	515	−5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding *exceptional profits/losses but including estimated extent of offsettable* ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- β Price at time of suspension.
- ¶ *Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.*
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- ♀ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ǁ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; *cover based on dividend on full capital.* e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous *dividend, P/E ratio based on latest annual earnings.* u *Forecast* dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w *Yield allows for currency clause.* y Dividend and yield based on merger terms. z Dividend and yield include a special payment: *Cover does not apply to special payment.* A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and *yield based on prospectus or other official* estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield *based on prospectus or other official estimates for* 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional *markets.* Prices of Irish issues, most of which are not officially listed in *London,* are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	39	......
Bertam	12½	+½
Bdg'wtr. Est. 50p	530	......
Craig & Rose £1	£11¼	......
Fife Forge	39	......
Finlay Pkg. 5p	20	......
Graig Ship. £1	£19	......
Higsons Brew.	65	......
Holt (Jos) 25p	335	......
I.O.M. Stm. £1	165	......
Pearce (C. H.)	650	+15
Peel Mills	60	......
Sheff. Refrshmt	101	......
Sindall (Wm.)	130	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£93¾	......
Nat. 9¾% 84/89	£74¾	−⅛
Fin. 13% 97/02	£84¾	......
Alliance Gas	45	......
Arnott	222	......
Carroll (P.J.)	80	......
Concrete Prods.	80xd	......
Heiton (Hldgs.)	32	......
Ins. Corp.	320	......
Irish Ropes	35	......
Jacob	34	......
T.M.G.	26	......
Unidare	82	......

OPTIONS

3-month Call Rates

Industrials

A. Brew	7
BOC Intl.	9
B.S.R.	4½
Babcock	11
Barclays Bank	40
Beecham	15
Blue Circle	30
Boots	20
Bowaters	20
B.A.T.	25
Brown (J.)	6½
Burton	10
Cadburys	6
Courtaulds	6
Debenhams	8
Distillers	17
Dunlop	7½
Eagle Star	22
F.N.F.C.	3½
Gen. Accident	30
Gen. Electric	50
Glaxo	22
Grand Met.	14
G.U.S. 'A'	45
Guardian	32
G.K.N.	16
Hawker Sidd.	20
House of Fraser	15
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FINANCIAL TIMES
Saturday January 17 1981

MAN OF THE WEEK

Haunted by Harold

BY PAULINE CLARK

THE GHOSTS of 1966 will probably always haunt the National Union of Seamen and in the present pay dispute affecting 26,000 of its members, shipowners have been at pains to revive those memories of the first national seamen's strike and the job losses that ensued in the industry.

But for Jim Slater, general secretary of the union, there is a particular gremlin which rankles him because it constantly threatens his personal standing whenever the union is brought into bitter conflict with the employers.

It was raised suddenly on Thursday when he addressed a mass meeting of seamen in Hull to explain the issues involved in the present action which has disrupted British shipping since the beginning of this week.

Most of the untidy gathering of weatherbeaten ratings, dressed in an array of faded tartan lumber jackets and heavy anoraks in the spartan smoke-filled meeting room, gave him a hearty reception. He talks rather than makes speeches and comes across very much as just one of the lads.

Mr. Slater responded coolly—"If the Government is brought down because we want a fair settlement, then so be it. But our main objective comes from your judgments and your response to the employers' response to *your* claim."

Mr. Slater has always strenuously denied that he is

Jim Slater of the NUS
'Just one of the lads'

anything but a trade unionist, and those who know him well confirm it. But as one of the architects in the 1960s reform movement that injected militancy into a formerly conservative union, and which resulted in him becoming general secretary a few months after the 1966 strike, he has never shaken off suspicions about his political aspirations.

Some believe that he has exposed himself once more to scrutiny by refusing to hold a ballot on an all-out strike.

But many of the seamen at the Hull meeting probably remembered when Jim Slater's name made headlines as one of Mr. Harold Wilson's famous "tightly knit group of politically motivated men" whom the then Prime Minister said had blown his economic policy off course in 1966.

Jim Slater, the bo'sun from South Shields and Mr. Joseph Kenny from Liverpool—now a national officer in the union—had been spotted—probably by the Special Branch—in the London flat of Mr. Jack Coward, Communist chairman of the London strike committee.

Mr. Slater is not a member of the Communist Party and MPs at that time mainly appeared to brush aside the Prime Minister's statement that the pair were up to rather more than just needing a bed for the night after an NUS executive meeting. But it was a well publicised allegation that perhaps can never be shaken off.

In the present dispute, Mr. Slater has directly accused shipowners of seeking to support government pay policy.

He believes the core of the argument concerns a seaman's working conditions as much as the issue of money.

He argues that long hours—in his reckoning they average 66 to 77 hours a week—contribute to a high accident rate which he maintains has been shown to be 27 times higher than in manufacturing industries. Most accidents, he says, occur in overtime hours.

He is determined in his lifetime to make his mark as the man who fought to change the workers' lot in what must be, because of the nature of shipping, the most difficult area of trade unionism. The present dispute in Britain is only part of that essential crusade.

Walesa gives Solidarity's message

BY RUPERT CORNWELL IN ROME

FOR THE first time on Western soil, Mr. Lech Walesa, the world's best loved unemployed electrician, yesterday expounded the scriptures of Poland's revolutionary independent trade union movement. The message survived even his own off-the-cuff style, the vagaries of the interpreting, and a partial breakdown of the microphone system.

"We are Poles first and then unionists. We don't want to throw the economy into chaos and destroy everything. Happiness is more than just bread and sausage. Without the Mother Country we wouldn't even have bread."

Mr. Walesa, the leader of Solidarity, Poland's largest independent trade union, was addressing 2,000 Italian trade unionists in a central Rome cinema.

When the cheering, and delivery of a Polish folk song—"If I could be here 100 years"—by Polish expatriates had subsided, the small moustachioed figure in a rollneck sweater said: "I'm not sure whether I'm in Rome or Poland."

In some respects it had promised to be a delicate occasion. For three days, religious considerations and, above all, the historic meeting of Mr. Walesa's delegation with the Polish-obrn Pope had obliterated the fact that his visit was at the invitation of the Italian confederated unions.

Any bruised feelings were swiftly and graciously healed yesterday, helped by the overpowering tide of empathy washing over Mr. Walesa.

"I know," said Sig. Luciano Lama, leader of the Communist-aligned CGIL union, Italy's largest, "that you came to see your countryman John Paul II, and we understand that the Church has always defended the identity of the Polish nation." It was right, too, that the Church was advocating caution and moderation.

"I am deeply Catholic," replied Mr. Walesa. "A man must always believe in something. But in Solidarity there are believers and non-believers. Union meetings with us are not masses, and we don't put up altars for them."

In the past 12 years of struggle, he said, his faith had helped him survive the hardest moments.

Repeatedly, Mr. Walesa insisted that he had come to learn, and occasionally he would seem like the innocent abroad.

He stressed that it was natural for his movement to have links with Poland's intellectuals, a commitment to aid agricultural workers to create unions similar to his own, and that it was necessary to avoid violence in the events now transforming Poland.

Solidarity was not allied with any political creed. Its aim was to serve its members' interests and improve the dignity of their lives.

"Running the country is the job of other people. But we have no choice other than to press the demands of our members," he said.

Solidarity wanted to influence Poland's economic and social, rather than political development, and increase genuine worker participation.

Polish strike protest over pay, Page 2

Three plans ready for troops to act in hospital disputes

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT has prepared three separate contingency plans for use of troops in any industrial action by ambulancemen or hospital workers, according to a confidential Department of Health and Social Security document.

Ambulance staffs' pay talks were due for next week, but they have been postponed until February 6 in expectation of the announcement of cash limits for the Health Service. Union leaders have warned that they will seek a pay rise this winter of at least 18.8 per cent as a direct result of the local authority employers' decision last month to honour the firemen's apy formula agreement.

The contingency plans were sent last month to regional health authority administrators. A DHSS document sent with the plans says: "Any disclosure of information contained in these plans would be extremely damaging to the Government's industrial relations policy.

"It is imperative that the 'confidential' classification of this information should be as limited as possible on a 'need-to-know' basis strictly intepreted."

The document stresses to strictly observed, and that its circulation should be as limited as possible on a 'need-to-know' basis strictly interpreted."

The outline of the three plans, drawn up by the DHSS and the Ministry of Defence based on information supplied by health authorities, is:

- Plan "Lionel," for "limited Service assistance" in the event of a strike involving "certain skilled and semi-skilled (hospital) ancillary workers."
- Plan "Concord," for Servicemen to drive NHS ambulances in an ambulancemen's dispute.
- Plan "Bittern," for use of Service drivers and ambulances in an NHS drivers' dispute.

Ministers would decide which of the two ambulancemen's plans to implement according to the scale of the dispute and probably the level of picketing.

The document, with a list of area co-ordinators of the plan, is signed by Mr. John Shaw, an assistant secretary in the contingencies and industrial action branch of the DHSS' Regional Liaison Division.

Ambulancemen's union officials said last night they had no knowledge of such plans, but that the recent dispute of drivers in South Yorkshire showed the strength of feeling among the group, which would resist any use of troops in a dispute. Servicemen last drove ambulances in the Health Service disputes in 1978-79.

Massey rescue plan still unresolved

By Michael Lafferty and John Makinson

REPRESENTATIVES of more than 200 banks from various countries were still trying to hammer out a rescue deal for Massey-Ferguson, the troubled Canadian agricultural equipment multinational, at a London meeting last night.

It seemed that the main obstacle was the failure of the Canadian Government to meet its end of the proposed deal.

One report from inside the meeting at the Dorchester Hotel which came before all the bankers were due to reconvene for the day's second general session last night said that the banks had virtually agreed on their part of the proposed package.

The banker concerned said Massey's fate seemed to depend on Canadian Government support.

The proposed package provides that the Canadian authorities guarantee C$200m (£70.1m) of a new equity issue.

This money was originally expected to come from a Canadian private investor, but is now being sought from Canadian financial institutions. The banker believed that so far only C$150m had been committed.

Massey-Ferguson is a multinational group with subsidiaries in many countries. Its UK operations, which employ about 16,000 people, are the most significant in the group.

British banks have about £260m in loans and facilities outstanding to Massey, of which £145m is not covered by British ECGD bankers' guarantees.

Prior: Jobless rise inevitable

BY MARGARET VAN HATTEM, LOBBY STAFF

THE JANUARY unemployment figures to be published on Tuesday week will show another sharp rise, Mr. James Prior, Employment Secretary, said yesterday.

He told West Midlands Engineering Employers' Federation at Edgbaston that the figures were "appalling" and "inevitably" would continue to rise.

Unemployment, seasonally adjusted, was 2.13m last month, following seasonally-adjusted rises of 108,200 in October, 135,600 in November, and 105,100 in December. Unadjusted, the December total was 2.24m.

"No member of the Government seeks to deny that this is a difficult time, particularly on the jobs front," Mr. Prior said. "We must expect to see another very big rise, when the January unemployment figures come out. The underlying rise will be reinforced strongly by the usual seasonal factors.

"The rise will inevitably continue into the year, though we do expect it to ease off as time goes on. But these appalling figures are the inevitable consequence of many years of decline."

His speech came the day after an Opposition attack in the Commons on the Government's "disastrous economic and monetarist policies."

In this the Government was accused of launching a public relations exercise — Operation Optimism—to gloss over the economic decline shown by the major indices.

Mr. Prior said, however, that new jobs would become available as the rate of inflation fell, bringing investment and innovation. It would be tragic if the Government reversed its successful attack on inflation now.

- Commenting on Mr. Prior's speech Mr. Peter Shore, Shadow Chancellor, attacked the Government's determination to press ahead with its "lunatic deflationary policies."

Addressing Coventry NW constituency Labour Party he said: "The only people to prosper in Mrs. Thatcher's Britain are the moneylenders and the scrapmerchants who are now selling, in frightening quantities, the unused machinery of bankrupt British companies to their competitors overseas.

Murray calls for creative spending, Page 3

Retail inflation rate drops again

BY DAVID MARSH

THE ANNUAL rate of retail price inflation fell again last month to just over 15 per cent. This marked the seventh successive monthly fall from the May peak of nearly 22 per cent.

From last summer, prices rose at an underlying annual raet of less than 10 per cent. The inflation rate in January, to bep ublished next month, is likely to show a further fall in the year-on-year rate to below 14 per cent.

The slowdown in the past few months largely reflects the impact of recession and the strong pound in restraining price increases in the private sector. Higher charges by nationalised industries remain, however, a strong inflationary influence.

The December retail price index, published yesterday by the Employment Department, rose 0.5 per cent from November to 275.6 (January 1974=100). It showed a rise of 15.1 per cent compared with December, 1979, against the 12-month increase of 15.3 per cent in November. The 1979 calendar year rise was 17.2 per cent.

December was the eighth successive month in which the increase in the index had been kept to less than 1 per cent. The increase was roughly in line with the average monthly rise of 0.6 per cent in the past six months.

The main price rises in December were for railway travel, food, and gas and telephone services. Prices of clothing and footwear, however, fell slightly last month. Nationalised industry charges rose 30 per cent in 1980, almost double the overall inflation rate.

The January retail price index will be reduced by about 0.2 percentage points as most of this month's cut in the mortgage rate takes effect. But the index will be boosted, by up to 0.3 points, by higher petrol and milk prices.

PRICE INCREASES

	Percentage change over 6 months	12 months
Food	+ 1.9	+ 9.5
Housing	+ 4.5	+29.4
Durable household goods	− 2.9	+ 7.6
Clothing and footwear	+ 0.7	− 5.9
Nationalised industries	+11.8	+30.0
All items, retail price index	+ 3.7	+15.1
Tax and price index	+ 4.3	+16.4

Sources: Department of Employment, Central Statistical Office

Abell resigns

Continued from Page 1

to be restructured. If, as expected, this takes a similar form to that of BL Cars, various operating units will be given their own individual chief executives reporting to the Leyland Group chairman and managing director based in London and responsible for major policy decisions.

Significantly, Alvis, the military equipment business, and the Coventry Climax forklift truck concern, have been split away from the Leyland Group and will report directly to Mr. Andrews in future.

It seems BL is once again examining these companies with an eye to selling them.

Prestcold was up for sale for abouttwo years but BL could not find a buyer. The company has an annual turnover of about £60m and is currently trading at a profit.

Mr. Abell knows the company well having been either chairman or chief executive for six out of the past 10 years. Prestcold has been his responsibility as a subsidiary of BL Commercial Vehicles since he took over two years ago.

Mr. Abell has held a 17 per cent shareholding in Suter Electrical, a Lancashire-based hair salon equipment maker and saler, since 1978.

Dealings in Suter's shares were suspended on Thursday at 66p for the ordinary and 67p for the deferred which valued the company at £5.32m.

Mr. Abell, who is being advised by bankers Robert Fleming, said last night he hopes to build Suter and Prestcold into a major industrial group with an anual turnover of between £150m and £200m

Weather

UK TODAY

COLD. Gales. Cloudy with sleet or snow in N., showers, sunny intervals in S.

London, S., E., C.N. and N.W. England, Midlands, Channel, Wales, I.o.M., N. Ireland, S.W. Scotland, Argyll. Gales, rain or sleet. Temps near normal. Max. temp. 9C (48F).

Aberdeen, Moray Firth, N.E. Scotland(Orkney, Shetland. Showers or snow. Cold. Max. temp. 2C (36F).

Rest of England and Scotland. Cloudy, Sleet or snow. Cold. Max. temp. 4C (39F).

Outlook: Unsettled, windy, becoming milder.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	12	54	Locarno	C	1	34
Algiers	C	15	59	London	Sn	1	34
Amsdm.	F	1	34	L. Ang.†	F	13	55
Athens	C	16	61	Luxmbg.	F	−3	30
Bahrain	F	17	63	Luxor	F	17	63
Barclna.	C	13	55	Madrid	S	14	57
Beirut	R	14	57	Majorca	C	13	55
Belfast	R	5	41	Malaga	F	16	61
Belgrd.	C	−2	28	Malta	F	13	55
Berlin	C	0	32	M'chstr	Sn	1	34
Biarritz	C	12	54	Melbne.	F	30	86
Bmghm.	Sn	1	34	Mx C.†	—	—	—
Blackpl	Sn	1	34	Miami†	C	16	61
Bordx.	C	9	48	Milan	S	8	46
Boulgn.	C	3	37	Montrl.†	C	−19	−2
Bristol	R	3	37	Moscow	R	2	36
Brussels	F	1	34	Munich	Sn	−2	28
Budpst	F	1	34	Nairobi	F	27	81
Cardiff	R	6	43	Naples	F	8	46
Cas b ca	C	15	59	Nwcstl	Sn	−2	28
Cape T.	S	26	79	N. York†	C	−4	25
Chicg.†	Sn	−8	18	Nice	S	12	54
Cologne	C	0	32	Nicosia	F	15	59
Cpnhgn.	S	2	36	Oporto	C	12	54
Corfu	C	10	50	Oslo	F	1	34
Denvr†	Sn	−4	25	Paris	C	3	37
Dublin	R	9	48	Perth	C	24	75
Dbrvnk.	C	4	39	Prague	F	0	32
Ednbgh	Sn	−2	28	Rykjvk.	Sn	−5	23
Faro	F	15	59	Rhodes	C	17	63
Florence	S	7	45	Rio J'o†	—	—	—
Frankft	F	−2	28	Rome	S	9	48
Funchal	C	16	61	Slzbrg.	Sn	−1	30
Genova	C	2	36	S'ciscot	C	12	54
Gibrltr	F	15	59	S'tiagot	—	—	—
Glasgow	Sn	—	30	Stckhm	Sn	−3	27
G'rnsey	R	8	46	Strasbg.	F	2	36
Helsnki	Sn	−1	30	Sydney	F	26	79
H. Kong	S	20	68	Tangier	C	12	54
Innsbrk	C	0	32	Tel Aviv	C	15	59
Invrnss.	C	−4	25	T'ronto†	Sn	−10	14
I.o.Man	R	4	39	Tunis	S	13	55
Istanbul	F	12	54	Valencia	S	16	61
Jersey	R	6	43	Venice	S	6	43
Jo'burg	S	29	84	Vienna	Sn	2	36
L. Plms	F	17	63	Zurich	F	1	34
Lisbon	C	13	55				

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sn—Snow.
† Noon GMT temperatures.

THE LEX COLUMN

The missing link in gilt-edged

All the conditions but one exist for the appearance of the long-awaited bull market in gilt-edged. The UK is in substantial current account surplus (although yesterday's figures for December were slightly less buoyant than in earlier months), and sterling is extremely strong, back to 80 on its trade-weighted index. As for inflation, yesterday's better-than-expected retail price index-level for December showed that it has been running at an annual rate of no more than 7½ per cent over the past six months.

But yields of up to 14½ per cent on long-dated Government bonds indicate that there is something wrong. That something, of course, is the level of Government borrowing. This Government has persistently underestimated its borrowing requirement ever since coming into office two years ago, and the market has taken very badly the admission this week of yet another overshoot.

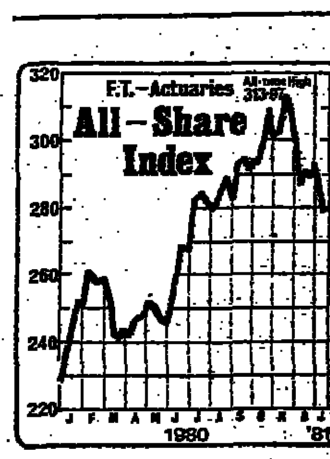
Only in November the Treasury raised its estimate of the public sector borrowing requirement for the 1980-81 financial year from £8½bn to £11½bn. But this week a roomful of gnomes in Zurich was warned by Mr. Nigel Lawson that even this second thought was not accurate enough, and the figure could be higher still, mainly because tax revenues this winter may not be all that the Treasury had been hoping. By yesterday hardened investors in the City were steeling themselves for £13bn.

The most obvious sign of the pressures on the Government has been the announcement of a phenomenally early date—March 10—for the Budget. There are two advantages for the Government in this. Firstly, tax increases can be implemented that much sooner. And then the Government will have an earlier opportunity to present its patched-up strategy and break the possible deadlock in funding which is threatened by its present lack of credibility.

In fact Mr. Lawson this week already gave some broad hint about the shape of the next Budget. After veering alarmingly this year, the Chancellor will try to get the PSBR back "more or less" on course. In terms of the medium-term strategy — adding on a few billion for the recession and for luck — he must aim for something in the £11bn to £12bn range, at most.

After past failures, especially in the area of pending, the Government still has a hard job on its hand to regain confidence. However, some of the technical factors in the gilt-edged market may begin to move in its favour. Very large dividend payments are imminent, which can be recycled into new tap, and the recent overhang of foreign forced sellers should soon be cleared. But the market is not yet beginning to discount the chance that the Government might get its arithmetic right next year.

Index rose 3.4 to 451.9



Letraset

Letraset ate humble pie yesterday, admitting that it had overpaid for Stanley Gibbons and allowed it to expand indiscriminately, making unwise investmests on the way. With Gibbons producing a trading loss of £¾m at the halfway stage, compared with £1.4m profit a year earlier, it took considerable resilience in the main graphics division to hold the decline in pre-tax profits to 44 per cent, from £6.3m to £3.5m.

The continued depression in the collectables markets means that Gibbons is likely to show a further deterioration in the current half. But the company is reining back sharply its non-stamp interests—of the £3m-£4m cost of this programme perhaps £2m will be accounted for by stock write-downs.

But the group can absorb its punishment. In graphic volume has broadly held up except in the UK, so trading profits have been reduced by a mere 4½ per cent in spite of the strength of sterling, and graphics will continue to produce a £2m-£3m cash surplus this year. Together with the proposed sale of the leisure interests—for perhaps £2½m—this should leave last year's moderate level of debt unchanged. The share price fel 11p yesterday to 86p, which compares with last year's high of142p. But the final dividend will be paid, giving a prospective yiled of 12 per cent.

Linked life

Hambro Life was one of the stock market's big winners in 1980, with a jump of nearly 140 per cent ni its share price, and yesterday it published new business figures which show why investors have been so enthusiastic. Similar statistics also come from the rival Abbey Life, and both sets of data show that unit-linked is established as the major growth sector in life assurance. The traditional with-profits endowment policy is losing much of its appeal.

Abbey and Hambro together account for a third of linked life business, and in 1980 the former enjoyed 33 per cent growth in its regular savings schemes while Hambro recorded a 50 per cent jump. Overall, the linked industry was up a third, on this type of business.

Total annual premiums for all life and pensions business rose 16 per cent according to the Life Offices Association, but strip out industrial, pensions and linked business and it appears that conventional savings achieved nil or negative growth. Linked business is still only a quarter as big as traditional endowment assurance—but at this rate it will not take many yearst o catch up.

Jobbing shift

News that Smith Bros., the London jobber, is moving its trading operation in gold shares from the floor of the house to a new dealing room in its own office has a rather ominous ring for the Stock Exchange. The move has been made possible by the new rules which allow jobbers to deal directly with specified foreign market makers in certain international securities. Smith says that the volume of trade carried out by phone has now increased to the point where communications with the floor of the house have become inadequate.

Of course trading in gold shares is not the same as dealing in ICI, where the price is set entirely by supply and demand in London. Still, the idea that ajobber can get by in an important part of its business without offering direct access to brokers does not seem to square too easily with the arguments for separate capacity that the Exchange is going to have to present to the Restrictive Practices Court.

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